

# THE GOVERNMENT'S CLASSIFICATION OF PRIVATE IDEAS

*United States Congress, House, Committee  
on Government Operations, Subcommittee  
on Government Information and  
Individual Rights.*

## HEARINGS

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

FEBRUARY 28; MARCH 20; AND AUGUST 21, 1980

Printed for the use of the Committee on Government Operations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1981

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(II)

82-601120

CONTENTS

BU 311  
10p 82

Hearings held on—	Page
February 28 .....	1
March 20 .....	291
August 21 .....	441
Statement of—	
Abrams, Floyd, Esquire, Cahill Gordon & Reindel .....	397
Davida, George, associate professor, Department of Electrical Engineering and Computer Science, University of Wisconsin-Milwaukee, Milwaukee, Wis. ....	416
Foy, H. Miles, Senior Attorney Adviser, Office of Legal Counsel, Department of Justice; accompanied by Vito Di Pietro, Assistant Director, Commercial Litigation Section, Civil Division; and Larry A. Hammond, Deputy Assistant Attorney General, Office of Legal Counsel .....	241
Inman, Adm. B. R., Director, National Security Agency, Fort Meade, Md. .	423
Kahn, David, author, Great Neck, N.Y. ....	406
McCloskey, Hon. Paul N., Jr., a Representative in Congress from the State of California .....	291
Moore, David Pelton, inventor and attorney, as presented by Paul Meiklejohn, attorney .....	188
Sciascia, Richard, Chairman, Armed Services Patent Advisory Board, Department of Defense; accompanied by Lt. Col. Howard M. Hougen, Intellectual Property Division, Office of Judge Advocate General, Department of the Army; Donald J. Singer, Patents Division, Office of Judge Advocate General, Department of the Air Force; and Frank G. Nieman, Principal Patent Staff Attorney, Office of Naval Research, Department of the Navy .....	442
Sewell, Duane, Assistant Secretary for Defense Programs, Department of Energy; accompanied by Eric Fygi, Deputy General Counsel; Leon Silverstrom, Assistant General Counsel for International Development and Defense Programs; and Robert Duff, Director, Office of Classification .....	302, 481
Tegtmeier, Rene D., Assistant Commissioner for Patents, Patents and Trademark Office, Department of Commerce; accompanied by C. D. Quarforth, Director, Special Laws Administration Groups .....	2
Wagner, Dr. Richard, executive associate director, Lawrence Livermore Laboratory, Livermore, Calif. ....	433
Letters, statements, etc., submitted for the record by—	
Abrams, Floyd, Esquire, Cahill Gordon & Reindel: Information concerning statutory language .....	403
Davida, George, associate professor, Department of Electrical Engineering and Computer Science, University of Wisconsin-Milwaukee, Milwaukee, Wis.: Prepared statement .....	419-423
Foy, H. Miles, Senior Attorney Adviser, Office of Legal Counsel, Department of Justice:	
Cryptography/technical data .....	262-263
Prepared statement .....	242-257
Fygi, Eric, Deputy General Counsel, Department of Energy: Prepared statement and submissions to additional subcommittee questions....	317-321, 346-396
Hammond, Larry A., Deputy Assistant Attorney General, Office of Legal Counsel: Information concerning Government regulations found to be unconstitutional .....	287

(III)

12 9p 82

Letters, statements, etc., submitted for the record by—Continued	
Ingram, Timothy H., staff director, Government Information and Individual Rights Subcommittee:	
Department of Justice memorandum to Dr. Frank Press, Science Adviser to the President, re constitutionality under the first amendment of ITAR restrictions of public cryptography.....	Page 268-284
August 29, 1978, letter to Col. Wayne Kay, Senior Policy Analyst, Office of Science and Technology, from Larry A. Hammond, Deputy Assistant Attorney General, Office of Legal Counsel, re public cryptography.....	264-265
Kahn, David, author, Great Neck, N.Y.: Prepared statement and supplementary remarks.....	411-415, 432-433
McCloskey, Hon. Paul N., Jr., a Representative in Congress from the State of California: November 12 and December 21, 1979, letters from Argonne National Laboratory scientists.....	331-345
Moore, David Pelton, inventor and attorney:	
Chronology of events relating to the invention secrecy claim.....	236
Exhibits B through F.....	190-234
Preyer, Hon. Richardson, a Representative in Congress from the State of North Carolina, and chairman, Government Information and Individual Rights Subcommittee: March 17, 1980, letter from Roger E. Batzel, director, Lawrence Livermore Laboratory, re views on the importance of protecting information that is determined by DOE, under the law, to be restricted data.....	434-435
Sciascia, Richard, Chairman, Armed Services Patent Advisory Board, Department of Defense:	
Information concerning carbon fiber technology.....	473
Prepared statement.....	448-461
Submissions to additional subcommittee questions.....	462-467
Sewell, Duane, Assistant Secretary for Defense Programs, Department of Energy:	
Nature and history of the classification category of "formerly restricted data".....	500-527
Prepared statements.....	307-316, 485-493
Tegtmeyer, Rene D., Assistant Commissioner for Patents, Patents and Trademark Office, Department of Commerce:	
Prepared statement with attachments.....	10-160
Submissions to additional subcommittee questions.....	175-187

## APPENDIXES

Appendix 1.—Statements submitted for the record.....	531
1. Barton, John H. and Marson, Charles C., professors, Stanford Law School, Stanford, Calif.: Joint statement.....	531
2. Dewitt, Hugh E., Physicist, Lawrence Livermore National Laboratory, Livermore, Calif.....	547
3. Kidder, Ray E., Theoretical Physics Division, Lawrence Livermore National Laboratory, Livermore, Calif.....	556
4. Marsh, G. E., DeVolpi, A., Postol, T. A., and Stanford, G. S., Argonne National Laboratory, Illinois: Joint statement.....	560
Appendix 2.—Subcommittee correspondence with the Department of Energy...	576
1. Letter from Chairman Richardson Preyer, Subcommittee on Government Information and Individual Rights, to Honorable Charles Duncan, Secretary of Energy, dated April 22, 1980, with reply, dated May 23, 1980.....	576
2. Letter from Honorable Charles Duncan, Secretary of Energy, to Chairman Richardson Preyer, Subcommittee on Government Information and Individual Rights, dated August 18, 1980.....	579
3. Summary submitted by the Department of Energy at the request of the subcommittee staff entitled "General History of the Handling of 25 'Special Patent Applications' " and memorandum to file.....	695
Appendix 3.—Miscellaneous materials.....	698
1. Letter from Richard G. Hewlett, Chief Historian (retired), Department of Energy, to Hon. Richardson Preyer, chairman, Subcommittee on Government Information and Individual Rights, submitting "The 'Born-Classified Concept' in the U.S. Atomic Energy Commission," a historical study, dated June 12, 1980.....	698

Appendix 3.—Miscellaneous materials—Continued	
2. Public Cryptography Study Group, American Council on Education, minutes of meetings for March 31 and May 29, 1980.....	Page 700
3. "National Telecommunications Protection Policy," White House Statement, February 16, 1979.....	710
4. <i>United States v. The Progressive et al.</i> 467 F. Supp. 990.....	713
5. <i>Ellie L. Hebern and Hebern Code, Inc. v. The United States</i> , 132 F. Supp. 451.....	724
Appendix 4.—Selected correspondence.....	730
1. Deavours, Cipher A., associate professor of mathematics, Kean College of New Jersey, letter to Dr. Michael Heyman, cochairman, Public Cryptography Study Group, dated June 10, 1980.....	730
2. Gapcynski, William G., Office of the Judge Advocate General, Department of the Army, letters to Subcommittee Chairman Richardson Preyer, dated February 27, 1980, and March 14, 1980.....	735
3. Garfinkel, Steven, Director, Information Security Oversight Office, General Services Administration, letter to Subcommittee Chairman Richardson Preyer, dated August 12, 1980.....	760
4. National Science Foundation and National Security Agency: Memoranda and correspondence related to NSA sponsorship of cryptographic research, dated June 13, 1975, through December 27, 1978.....	762
5. Papantoni-Kazakos, P., secretary, Institute of Electrical and Electronic Engineers, letter to subcommittee staff, dated January 21, 1980.....	774
6. Parker, Alan A., Assistant Attorney General, Department of Justice, letter to Subcommittee Chairman Richardson Preyer, dated May 27, 1980.....	776
7. Postol, Theodore A., Marsh, Gerald E., Stanford, George S., DeVolpi, Alexander, Argonne National Laboratory, Illinois, joint letter to Senator John Glenn, Senate Subcommittee on Energy and Nuclear Proliferation, dated April 25, 1979.....	777
8. Preyer, Hon. Richardson, chairman, Subcommittee on Government Information and Individual Rights, letter dated July 9, 1980, to Robert M. Warner, Archivist of the United States with reply of September 26, 1980.....	781
9. Well, Robert W., Acting Director, Information Security Oversight Office, General Services Administration, letter to Subcommittee Chairman Richardson Preyer, dated May 1, 1980.....	783
10. Weiss, Hon. Ted, a Representative in Congress from the State of New York, letter to Chairman Richardson Preyer, dated July 19, 1979.....	785
Appendix 5.—Studies prepared by the American Law Division, Congressional Research Service, Library of Congress.....	788
1. "The Progressive Case: Legal Issues," February 14, 1980.....	788
2. "Alternative Definitional Approaches to Classification of Restricted Data Under the Atomic Energy Act," March 12, 1980.....	829
3. "Judicial Review of Restricted Data Under the Freedom of Information Act," August 6, 1980.....	836
Appendix 6.—References.....	841

## THE GOVERNMENT'S CLASSIFICATION OF PRIVATE IDEAS

THURSDAY, FEBRUARY 28, 1980

HOUSE OF REPRESENTATIVES,  
GOVERNMENT INFORMATION  
AND INDIVIDUAL RIGHTS SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:40 a.m., in room 2247, Rayburn House Office Building, Hon. Richardson Preyer (chairman of the subcommittee) presiding.

Present: Representatives Richard Preyer, Robert F. Drinan, David W. Evans, Ted Weiss, Thomas N. Kindness, and John N. Erlenborn.

Also present: Timothy H. Ingram, staff director; Donna Spradling, secretary; Thomas G. Morr, minority professional staff, Committee on Government Operations; and Gerald Sturges, Congressional Research Service, Library of Congress.

Mr. PREYER. The subcommittee will come to order.

We begin today the first of 2 days of hearings on the question of the Government's ability to classify, restrict, or assert ownership rights over privately generated data.

We will focus on the Invention Secrecy Act today. The 1952 law authorizes the Commissioner of Patents and Trademarks to withhold a patent and order that an invention be kept secret "for such period as the national interest requires." To violate a secrecy order could bring a \$10,000 fine and 2 years' imprisonment.

We will examine the administration of that law and the important constitutional questions highlighted by its provisions.

Our first witness is Assistant Commissioner for Patents, Mr. Rene Tegtmeyer.

Mr. Tegtmeyer, it is the custom of the committee to swear in witnesses in factfinding hearings. If you and anyone accompanying you who will be answering questions will stand, I will administer the oath.

Do you solemnly swear that the testimony you are about to give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TEGTMEYER. I do.

Mr. QUARFORTH. I do.

Mr. PREYER. Thank you.

We appreciate your being here and will ask you to proceed in any manner you see fit. If you wish to summarize some of your statement, that would be fine.

**STATEMENT OF RENE D. TEGTMEYER, ASSISTANT COMMISSIONER FOR PATENTS, PATENTS AND TRADEMARK OFFICE, DEPARTMENT OF COMMERCE; ACCOMPANIED BY C. D. QUARFORTH, DIRECTOR, SPECIAL LAWS ADMINISTRATION GROUPS**

Mr. TEGTMEYER. Thank you, Mr. Chairman.

I have with me today Mr. C. D. Quarforth, who is the Director of our Special Laws Administration Group and who is most specifically charged with the administration of chapter 17 of title 35, which is the subject of the hearing today. Mr. Quarforth will assist me in answering any questions that the committee may have.

Mr. PREYER. We are glad to have you with us.

Mr. TEGTMEYER. Thank you.

The statutory authority for processing and examining security-related applications is found in patent law sections 181-188, which comprise chapter 17 of the law. However, broad statutory authority is not detained enough for the day-to-day procedures that security precautions inherently demand. Accordingly, the procedures utilized by the Office are prescribed in detail in title 37, parts 5 and 7 of the Code of Federal Regulations. These CFR provisions also implement Executive Order 9424, establishing a register for recording governmental interests in patents.

In administering these security provisions, the Office has, of course, developed and put into use various forms, secrecy orders, permits, licenses, notices, and so on. I will discuss the most important of these, but the written testimony includes a complete set and an explanation of each.

Let me begin by explaining the Patent and Trademark Office's screening process for identifying security-related information in patent applications.

The Licensing and Review Branch in our Special Laws Administration Group screens all patent applications filed in the Office to determine whether any application contains material involving national security—35 U.S.C. 18, 42 U.S.C. 2181—the production or utilization of nuclear material or atomic energy—42 U.S.C. 2182—or has significant utility for space or aeronautical activities—42 U.S.C. 2457. The vast majority of patent applications filed in the Office do not contain security-related technology.

Applications affecting national security are placed under a secrecy order at the request of a defense agency. This order prohibits any disclosure of the technical contents of the patent application. Sections 182 and 186 prescribe legal and criminal penalties for violating a secrecy order.

During fiscal year 1979 the Office received 107,409 patent applications. Of these, 4,829 were thought to contain security-related information and were therefore made available to the defense agencies for review. Only 243 secrecy orders were issued, of which 200 applications contained security classification markings when filed.

The Office, as I mentioned, has established an extensive screening system to assure the identification of all patent applications actually or possibly bearing on our Nation's security. Each patent application filed in the Office is processed through the Licensing and Review Branch in the Special Laws Administration Group. Here, patent applications are separated on the basis of their con-

tents into three broad technological categories—chemical, electrical, or mechanical inventions.

Examiners with appropriate security clearances and technological backgrounds inspect each of these applications to determine if they contain national security information. Of course, most security-related applications have already been classified by the Government agency or Government contractor prior to filing the application in the Office.

To assist the Office in determining the existence of classified technology that must be kept from the public, the defense agencies have provided us with category or field of interest lists of such technology. Examiners screen each patent application with these lists in mind.

When a patent application involving such a field is found the Licensing and Review Branch puts the application aside and calls it to the attention of each interested Government defense agency.

The Office then either provides facilities for visual inspection of the application by a Government agency representative or sends a copy of the application to that agency. The defense agency determines if a secrecy order is called for. If so, the agency requests its issuance. Although the Office actually issues the order, its role is basically ministerial.

When secrecy orders are requested by the Department of Defense, I might note, it is done through the Armed Services Patent Advisory Board which is a coordinating authority for that particular Department.

Defense agency representatives inspecting an application in the Office or at the agency—as required by 35 U.S.C. 181—must sign a dated acknowledgement of access to the application. This acknowledgement assures that the information obtained from inspecting the application will not be used for any purpose other than administering the security provisions of the patent laws.

The ultimate decision concerning issuance of an order in an application must and does lie with the concerned defense agencies. However, the Office also takes precautions to help guard against unjustified secrecy orders. If the Office is aware, for example, that the technical information in a patent application has already been published, this knowledge is brought to the attention of the defense agency seeking a secrecy order.

Our informal requests to reconsider the imposition of secrecy orders has had some success. During 1979, 15 secrecy orders were withdrawn on the basis of the information provided by the Office and without the applicant having to file a petition for rescission or modification of the order.

Of course, the screening process also enables an examiner to identify patent applications obviously not containing security related information. These are forwarded to the proper examining group for ordinary processing and examination. They are subject only to the Office's ordinary confidentiality precautions for all pending applications, as specified in section 122 of the patent laws.

Security related applications are subject to regular examination procedures, at least as far as the taking of an appeal to the Office's board of appeals or up to the time a notice of allowance would normally be sent to the applicant. However, these applications

cannot be patented until the secrecy order is rescinded and the application declassified.

Examination of security related applications is conducted by examiners in the Special Laws Administration Group in exactly the same manner as it is for other applications. However, a notice of allowance is not issued to the applicant even if the application includes patentable subject matter. Rather, the applicant receives a notice of allowability. Any further processing of the application remains suspended and no patent is granted until the secrecy order is removed.

For appealed applications, the appeal process is continued up to the point of setting the hearing. The applicant is required to pay the appeal fee and file a brief, and the examiner must file his answer to the brief. Further processing by the board of appeals, however, must await removal of the secrecy order.

Patent applicants are naturally often interested in obtaining patent rights in foreign countries. There is no such thing as an international patent and applications must generally be filed in every country where a patent is sought. Because of the provisions of an international treaty, the Paris Convention, adhered to by all major industrial countries, all foreign patent applications are normally filed within a year of filing in the United States.

This procedure enables the applicant to take advantage of the priority date of the U.S. application. Otherwise, patent rights in those countries could be jeopardized. However, a patent application cannot be legally filed in a foreign country by a U.S. resident if it contains security related information.

This dilemma is resolved and the Nation's security interests protected by the provisions of section 184 of the patent laws. Basically, section 184 requires each U.S. applicant to obtain a license for foreign filing and prescribes two procedures for obtaining this license.

An applicant can apply directly for a foreign filing license and his application will be reviewed and evaluated by the Licensing and Review Group. The applicant may merely wait 6 months after filing the patent application in this country. If a secrecy order has not been placed on the application by this time a license is impliedly granted.

In both cases applications are referred to defense agencies if the subject matter is within their field of interest before a license is granted.

Of course, the patent law's security provisions prescribe penalties, both criminal and loss of U.S. patent rights, for filing an application in a foreign country without either an actual or implied license.

In past years, an inventor in order to file a foreign application or transmit data abroad was required to obtain licenses from four agencies: the Commerce and State Departments; the Patent and Trademark Office; and the Atomic Energy Commission, now the Department of Energy.

These duplicative and time-consuming screening procedures were recognized as such and have since been simplified. Today, an applicant, with few exceptions, need only obtain a license from the Patent and Trademark Office. The other Government agencies ac-

knowledge the completeness of this review and accept it as satisfying their security requirements.

Governmental interests in patents and patent applications is another area in which the subcommittee expressed an interest. These are recorded in the Office's Government Register. Executive Order 9424 provides the legal basis for establishing the register.

Use of the register and procedures and requirements for recording therein are prescribed in part 7 of title 37, CFR. The register's basic purpose, of course, is to inform each agency and the public, when appropriate, of a governmental interest in an invention.

The Government register makes the Government's interests easy to determine. A royalty-free license to any Government agency allows all other agencies to use the invention royalty-free. Therefore, it is important to have an easily usable record of governmental patent rights. Recordation in the statutory register will not suffice, as it can be used only for recording assignments. Licenses, for instance, cannot be recorded in it.

The Government register is maintained apart from the statutory register established under 35 U.S.C. 261, although some assignments can be recorded in both. The register for recording licenses, assignments, technical data agreements, contracts, or other legal documents conveying interests to the Government in patents and patent applications, has been set up in three parts—departmental interests, public interests, and secret interests. Each part has its own card index and, of course, the instruments recorded are included in that part.

The departmental part is not available to the public except when the agency responsible for a recording authorizes access. However, the index cards for recording are publicly available in the departmental part but not the document itself. The index card, in this case, is only available where a patent has actually issued.

The public part, on the other hand, is open to the public. Its recordings often duplicate those in the statutory register, but the statutory register of assignments is relied upon to establish the legal rights available under patent law section 261. The secret part is used for recordings when neither the record itself or an index card can be made public without jeopardizing national security. The agency seeking registration, not the Office, decides in which part a governmental interest will be recorded.

The following are questions specifically raised by the subcommittee and our answers to them. There are seven questions and answers set out in the following paragraphs.

First, your question asks about the effect of the 1976 National Emergencies Act on the Office's implementation of the Invention Secrecy Act.

With enactment of the National Emergencies Act, all existing emergencies were considered terminated for the purposes of the patent law's secrecy order provisions. The Office was accordingly required to apply the peacetime provisions of section 181 in lieu of the national emergencies provisions. Of course, the wartime provisions did not apply at that time.

During a national emergency, or war, section 181 requires secrecy orders to be issued for their duration and for a specified period

thereafter. Exactly the opposite is true under the section's peacetime provisions.

Under the peacetime provisions each secrecy order must be reviewed annually to assure that the national interest justifies it. The annual review determines whether or not the order is to be renewed.

The National Emergencies Act became effective on September 14, 1978, and terminated the national emergency declared by President Truman in 1950. The transitional provisions of section 181 implementing the act required the defense agencies to affirmatively determine for each patent application subject to a secrecy order the need for continuing that order. The Office received a written notice of each determination by the defense agencies and in turn issued any needed notices of renewal.

The review of the outstanding secrecy orders during the transitional period, from September 14, 1978, to March 14, 1979, resulted in 3,300 renewals.

A national emergency was in effect from December 1950 to March 1979 and secrecy orders for patent applications did not need annual reviewing for that entire period. Otherwise, each secrecy order would have been subject to annual review.

Patent applicants, however, are not forced to await the results of an annual review to have their applications declassified and secrecy orders removed or modified. If an applicant requests the rescinding of a secrecy order in his application, a review is automatically initiated. In July of 1974 our Office requested each defense agency to review secrecy orders in effect for more than 12 years. The review program lasted until the National Emergencies Act took effect in 1979.

Second, your question asks about the security operations of the Department of Justice as a "defense agency."

The Department was designated a defense agency for the purposes of 35 U.S.C. 181 under Executive Order 10457 of May 27, 1953. To date, the Department of Justice has not informed us of any fields of national security interest in connection with patent applications. We would, of course, make any application available to the Department on its request without imposing criteria of our own for doing it. The Justice Department would be treated like any other defense agency.

Third, your question asks about the relationship between secrecy orders and our appeal procedures for finally rejected patent applications. You specifically refer to section 5.3(a) of chapter 37, Code of Federal Regulations.

This section states that appeals will not be set for hearing by the Board of Appeals until the secrecy order is removed or unless otherwise specifically ordered by the Commissioner.

Although there is no specific statutory authority for this regulation, it has been promulgated under the Commissioner's general administrative authority, 35 U.S.C. 6, for several important reasons. Until recently, few members of the Office's Board of Appeals and its supporting staff possessed the requisite security clearances for handling the appealed cases. The same is true of the judges, officers, and staffs of courts that review decisions of the Office's Board of Appeals.

Also, most applications under secrecy orders are related to Government property interests. The Government is generally reluctant to disseminate classified information to a wide range of persons, even if they have security clearances, nor can a patent issue unless the secrecy order is rescinded. Thus, it was not deemed desirable to expend further efforts and funds in pursuit of a procedure that could not culminate in the prompt issuance of a patent.

Of course, 37 CFR 5.3(a) is worded so that a sufficiently important appeal hearing can be ordered by the Commissioner if the applicant petitions for it. For instance, a delay in the appeal proceeding may prejudice the right to compensation. In such a case, the appeal may be heard.

To my knowledge, however, the only requests for these appeals have been filed by defense agencies for Government owned and prosecuted cases. If an appeal hearing were ordered by the Commissioner and the invention found unpatentable, the application, absent further appeal to the appropriate court, would be considered abandoned. Each secrecy order however, remains, in effect until rescinded or lapsed whether or not the application is abandoned.

Fourth, your question asks about the seeming inconsistency between the statutory authority to appeal a secrecy order to the Secretary of Commerce and the CFR's implementing regulations interposing the condition that the applicant's appeal must be first taken to the Commissioner of Patents and Trademarks.

There is really no inconsistency. The right of appeal to the Secretary of Commerce, as provided by statute, must be made under procedures prescribed by the Secretary. The Secretary has prescribed the intermediate step of review by the the Commissioner.

It certainly is in the best interests of national defense and the applicant himself to have an appeal heard and decided at the lowest qualified administrative level. The applicant is assured that a decision on his petition for removal of secrecy order will be decided by persons most knowledgeable in a prompt, efficient, and economical manner. The Secretary of Commerce will then have their advice if he later must decide the matter.

Fifth, your question asks about the form of the secrecy order and why it does not identify the agency requesting it. The question goes on to ask how and when the applicant learns the identity of the agency requesting the order and whether or not we are considering a revised form identifying the agency.

The vast majority of patent applications subject to secrecy orders already contain classification marking when filed in the Office. These are ordinarily filed by the Government or Government contractors. The applicant, contractor assignee, and attorney prosecuting the patent application all know the identity of the Government agency requiring classification markings and subsequently requesting issuance of the secrecy order.

In a few cases the Office issues secrecy orders in applications which when filed did not contain security classification markings. In 1979, for example, 43 such secrecy orders were issued. At the time of filing, the Office cannot know, of course, if the application should have been filed with security classification markings or if any Government agency has an interest in the application.

Several years ago, the Office and the defense agencies began developing a more informative and understandable secrecy order. We were successful and the new secrecy order will be utilized soon. Among its improvements, it will identify the agency requesting the secrecy order.

Sixth, your sixth question asks about the compensation of applicants whose applications are subject to secrecy orders. It goes on to ask whether the statutory right to compensation is illusory or real and whether practical benefits have in fact been obtained.

Rights under 35 U.S.C. 183 for securing "just compensation" for Government use or damages resulting from a secrecy order are provided in the same section. The applicant on receiving a notice of allowability may administratively claim compensation for money damages caused by the order.

Claims for compensation are directed to the head of the agency responsible for the secrecy order. If full settlement is not effected, the applicant may sue the United States in the Court of Claims or an appropriate district court. Alternatively, the applicant, on issue of the patent, may sue the United States in the Court of Claims for damages the order caused.

I regret that I cannot answer from firsthand knowledge your question about the effectiveness of these remedies. Nevertheless, I understand that 29 administrative claims for compensation have been filed since 1945 with the Defense Department. Of these, 5 are the subjects of pending litigation, 3 were settled by the Defense Department before litigation, 5 were settled during litigation, 1 was the subject of a private relief bill, 10 were terminated by denial, and the remainder are pending in the Defense Department.

Seventh, your question asks about the placing of classification markings on applications, the procedures applicable to these classified applications, and the restraining effect of security classifications on applicants.

As I have mentioned before, the great majority of patent applications under secrecy order are filed by the Government of Government contractors. In most of these cases the security classification is put on the patent application by the owner when it is filed. Government agencies and their contractors ordinarily know exactly what technology is classified and act accordingly.

Security classification markings for any document, including patent applications, are imposed by virtue of Executive Order 12065 or earlier Executive orders or the Atomic Energy Act. Under Executive Order 12065 security classification markings can only be placed on documents in which the Government has a proprietary interest. The Executive order is qualified, however, by the Atomic Energy Act. Under that act a security classification marking may be placed on a document involving nuclear technology, even through the Government does not have a proprietary interest.

Applications containing security classification markings when filed are reviewed to determine whether such markings are authorized. This authorization is usually found in documents accompanying the application. If the authority appears proper the application is subjected to the secrecy order process.

Nevertheless, the time for issuing the secrecy order may vary depending upon agency practice. Some agencies request secrecy

orders at the time of filing. Other agencies do not request a secrecy order until later notified that the application has actually been filed. In substantially all applications, however, a secrecy order is issued before the application is examined.

If the authority to apply a security classification marking is not apparent the Office asks the appropriate party if it has such authority. If no authority exists the Office requires the party to delete the markings and the application, of course, is not subjected to the secrecy order process.

Applications bearing valid security classification marking but not yet subjected to a secrecy order are nevertheless safeguarded in the same manner as those already subjected. As I mentioned, an application may bear a valid security classification markings before being subjected to a secrecy order. Before a secrecy order is imposed the classification markings still restrain the applicant from disclosing his invention. The extent of his restraint, as well as any penalty for disregarding such restraint, is provided under the security classification system by which the application was marked in the first place.

The penalties for unauthorized disclosure of an invention subject to a secrecy order may differ from those provided under the security classification system. Until such secrecy order has been placed on the application, however, its specific provisions for restraint and penalties cannot be invoked against the applicant.

Attached to my written statement are various exhibits that should help the subcommittee understand and evaluate the Office's part in protecting national security. These are a compilation of forms used for security cases, including a soon-to-be-utilized secrecy order, the more important parts of the legislative history of the patent law's security provisions, and a functions-and-information chart of our processing procedures for security-related applications.

This, Mr. Chairman, concludes my oral testimony. Mr. Quarforth and I would be happy to answer any additional questions you may have.

Mr. PREYER. Thank you, Mr. Tegtmeier.

Without objection, those supplemental documents with your prepared statement will be make a part of the record at this point.

[Mr. Tegtmeier's prepared statement, with attachments, follows:]

STATEMENT OF RENE D. TEGTMEYER,  
 ASSISTANT COMMISSIONER FOR PATENTS,  
 BEFORE THE HOUSE INFORMATION AND INDIVIDUAL RIGHTS SUBCOMMITTEE  
 OF THE COMMITTEE ON GOVERNMENT OPERATIONS  
 THURSDAY, FEBRUARY 28, 1980

Mr. Chairman, I am pleased to appear before your Subcommittee today, to testify on the Patent and Trademark Office's implementation of the Invention Secrecy Act of 1951. Accompanying me is C. D. Quarforth, the Director of our Special Laws Administration Group charged with the processing and examination of security-related patent applications.

The statutory authority for processing and examining security-related applications is found in patent law sections 181-188, which comprise chapter 17 of this law. But broad statutory authority is not detailed enough for the day-to-day procedures that security precautions inherently demand. Accordingly, the procedures utilized by the Office are prescribed in detail in Title 37, parts 5 and 7 of the Code of Federal Regulations. These CFR provisions also implement Executive Order 9424, establishing a Register for recording Governmental interests in patents.

In administering these security provisions, the Office has, of course, developed and put into use various forms, secrecy orders, permits, licenses, notices and so on. I will discuss the most important of these, but the written testimony includes a complete set and an explanation of each.

Security Review Procedures

Let me begin by explaining the Patent and Trademark Office's screening process for identifying security-related information in patent applications.

The Licensing and Review Branch in our Special Laws Administration Group screens all patent applications filed in the Office to determine whether any application contains material involving national security (35 U.S.C. 181, 42 U.S.C. 2181), the production or utilization of nuclear material or atomic energy (42 U.S.C. 2182) or has significant utility for space or aeronautical activities (42 U.S.C. 2457). The vast majority of patent applications filed in the Office do not contain security-related technology.

Applications affecting national security are placed under a secrecy order at the request of a defense agency. This order prohibits any disclosure of the technical contents of the patent application. Sections 182 and 186 prescribe legal and criminal penalties for violating a secrecy order.

During fiscal year 1979, the Office received 107,409 patent applications. Of these, 4,829 were thought to contain security-related information and were, therefore, made available to defense

agencies. Only 243 secrecy orders were issued, however, of which 200 applications contained security classification markings when filed.

The Office, as I mentioned, has established an extensive screening system to assure the identification of all patent applications actually or possibly bearing on our nation's security. Each patent application filed in the Office is processed through the Licensing and Review Branch. Here, patent applications are separated on the basis of their contents into three broad technological categories--chemical, electrical or mechanical inventions. Examiners with appropriate security clearances and technological backgrounds inspect each of these applications to determine if they contain national security information. Of course, most security-related applications have already been classified by the Government agency or government contractor prior to filing the application in the Office.

To assist the Office in determining the existence of classified technology that must be kept from the public, the defense agencies have provided us with category or "field of interest" lists of such technology. Examiners screen each patent application with these lists in mind. When a patent application involving such a field is found, the Licensing and Review Branch puts the application aside and calls it to the attention of each interested government defense agency.

The Office then either provides facilities for visual inspection of the application by a government agency representative or sends a copy of the application to that agency. The defense agency determines if a secrecy order is called for. If so, the agency requests its issuance. Although the Office actually issues the order, its role is basically ministerial.

Defense agency representatives inspecting an application whether in the Office or at the agency (as required by 35 U.S.C. 181) must sign a dated acknowledgement of access to the application. This acknowledgement assures that the information obtained from inspecting the application will not be used for any purpose other than administering the security provisions of the patent laws.

The ultimate decision concerning issuance of an order in an application must and does lie with the concerned defense agencies. But the Office also takes precautions to help guard against unjustified secrecy orders. If the Office is aware, for example, that the technical information in a patent application has already been published, this knowledge is brought to the attention of the defense agency seeking a secrecy order. Our informal requests to reconsider the imposing of secrecy orders has had some success. During 1979, fifteen secrecy orders were withdrawn on the basis of the information provided.

Of course, the screening process also enables an examiner to identify patent applications obviously not containing security related information. These are forwarded to the proper examining group for ordinary processing and examination. They are subject only to the Office's ordinary confidentiality precautions for pending applications, as specified in section 122 of the patent laws.

Security-related applications are subject to regular examination procedures, at least as far as the taking of an appeal to the Office's Board of Appeals or up to the time a Notice of Allowance would be sent. These applications, however, cannot be patented until the secrecy order is rescinded and the application declassified.

Examination of security-related applications is conducted by examiners in the Special Laws Administration Group in exactly the same manner as it is for other applications. A notice of allowance is not issued to the applicant, however, even if the application includes patentable subject matter. Rather, the applicant receives a Notice of Allowability. Any further processing of the application remains suspended, and no patent is granted until the secrecy order is removed.

For appealed applications, the appeal process is continued up to the point of setting the hearing. The applicant is required to

pay the appeal fee and file a brief and the examiner must file his answer to the brief. Further processing, however, must await removal of the secrecy order.

#### Foreign Filing

Patent applicants are naturally often interested in obtaining patent rights in foreign countries. There is no such thing as an international patent, and applications must generally be filed in every country where a patent is sought. Because of the provision of an international treaty, the Paris Convention, adhered to by all major industrial countries, all foreign patent applications are normally filed within a year of filing in the United States. This enables the applicant to take advantage of the priority date of the United States application. Otherwise, patent rights in those countries could be jeopardized. But a patent application cannot be legally filed in a foreign country by a United States resident if it contains security-related information.

This dilemma is resolved and the nation's security interests protected by the provisions of section 184 of the patent laws. Basically, section 184 requires each United States applicant to obtain a license for foreign filing and prescribes two procedures for obtaining this license.

An applicant can apply directly for a foreign filing license, and his application will be reviewed and evaluated by the Licensing and Review Group. Or the applicant may merely wait six months after filing the patent application in this country. If a secrecy order has not been placed on the application by this time, a license is impliedly granted. Of course, the patent law's security provisions prescribe penalties (both criminal and loss of United States patent rights) for filing an application in a foreign country without either an actual or implied license.

In past years, an inventor in order to file a foreign application or transmit data abroad was required to obtain licenses from four agencies; the Commerce and State Departments, the Patent and Trademark Office and the Atomic Energy Commission (now the Department of Energy). These duplicative and time-consuming screening procedures were recognized as such, and have since been simplified. Today, an applicant (with a few exceptions) need only obtain a license from the Patent and Trademark Office. The other government agencies acknowledge the completeness of this review and accept it as satisfying their security requirements.

#### Government Interests in Patents

Governmental interests in patents and patent applications are recorded in the Office's Government Register. Executive Order 9424 provides the legal basis for establishing this Register. Use of the register and procedures and requirements for recording

therein are prescribed in Part 7 of Title 37, CFR. The Register's basic purpose, of course, is to inform each agency and the public (when appropriate) of a governmental interest in an invention.

The Government Register makes these governmental interests easy to determine. A royalty-free license to any government agency allows all other agencies to use the invention royalty-free. Therefore, it is important to have an easily-usable record of governmental patent rights. Recordation in the statutory register will not suffice, as it can be used only for recording assignments. Licenses cannot be recorded in it.

The Government Register is maintained apart from the statutory register (established under 35 USC 261), although some assignments can be recorded in both. The Government Register has been set up in three parts; departmental assignments, public assignments and secret assignments. Each part has its own card index and, of course, the instruments recorded in that part.

The Departmental part is not available to the public, except when the agency responsible for a recording authorizes access. The index cards for recording are publicly available, however. The Public part, on the other hand, is open to the public. Its recordings often duplicate those in the statutory register, but the statutory register is relied upon to establish the legal

rights available under patent law section 261. The secret part is used for recordings when neither the record itself or an index card can be made public without jeopardizing national security. The agency seeking registration, not the Office, decides in which part a governmental interest will be recorded.

Questions Raised by the Subcommittee

(1) The first question asks about the effect of the 1976 National Emergencies Act on the Office's implementation of the Invention Secrecy Act.

With enactment of the National Emergencies Act, all existing emergencies were considered terminated for the purposes of the patent law's secrecy order provisions. The Office was accordingly required to apply the "peacetime" provisions of section 181 in lieu of the national emergency provisions. Of course, the "wartime" provisions did not apply at that time.

During a national emergency, or war, section 181 requires secrecy orders to be issued for their duration and for a specified period thereafter. Exactly the opposite is true under the section's "peacetime" provisions.

Under the "peacetime" provisions, each secrecy order must be reviewed annually to assure that the national interest justifies it. This annual review determines whether or not the order is

to be renewed. The National Emergencies Act became effective on September 14, 1978 and terminated the national emergency declared by President Truman in 1950. The transitional provisions of section 181 implementing this Act required the defense agencies to affirmatively determine for each patent application subject to a secrecy order the need for continuing that order. The Office received a written notice of each determination by the defense agencies and, in turn, issued any needed notices of renewal. The review of these outstanding secrecy orders during this transitional period (from September 14, 1978 to March 14, 1979) resulted in 3,300 renewals.

A national emergency was in effect from December of 1950 to March of 1979, and secrecy orders for patent applications did not need annual reviewing for that entire period. Otherwise, each secrecy order would have been subject to annual review.

Patent applicants, however, are not forced to await the results of an annual review to have their applications declassified and secrecy orders removed or modified. If an applicant requests the rescinding of a secrecy order in his application, a review is automatically initiated. In July of 1974, our Office requested each defense agency to review secrecy orders in effect for more than twelve years. This review program lasted until the National Emergencies Act took effect in 1979.

(2) The second question asks about the security operations of the Department of Justice as a "defense agency". That Department

was designated a defense agency for the purposes of 35 U.S.C. 181 under Executive Order 10457, of May 27, 1953. To date, the Department of Justice has not informed us of any fields of national security interest in connection with patent applications. We would, of course, make any application available to that Department on its request, without imposing criteria of our own for doing this. The Justice Department would be treated like any other defense agency.

(3) Your third question asks about the relationship between secrecy orders and our appeal procedures for finally-rejected patent applications. You specifically refer to section 5.3(a) of Chapter 37, Code of Federal Regulations. This section states that appeals will not be set for hearing by the Board of Appeals until the secrecy order is removed or unless otherwise specifically ordered by the Commissioner.

Although there is no specific statutory authority for this regulation, it has been promulgated under the Commissioner's general administrative authority (35 U.S.C. 6) for several important reasons. Until recently, few members of the Office's Board of Appeals and its supporting staff possessed the requisite security clearances for handling these appealed cases. The same is true of the judges, officers and staffs of courts that review decisions of the Office's Board of Appeals.

Also, most applications under secrecy orders are related to Government property interests. The Government is generally reluctant to disseminate classified information to a wide range of persons, even if they have security clearances.

Nor can a patent issue unless the secrecy order is rescinded. Thus, it was not deemed desirable to expend further efforts and funds in pursuit of a procedure that could not culminate in the prompt issuance of a patent.

Of course, 37 CFR 5.3(a) is worded so that a sufficiently important appeal hearing can be ordered by the Commissioner, if the applicant petitions for it. For instance, a delay in the appeal proceeding may prejudice the right to compensation. In such a case, the appeal may be heard. To my knowledge, however, the only requests for these appeals have been filed by defense agencies for Government-owned and prosecuted cases. If an appeal hearing were ordered by the Commissioner and the invention found unpatentable, the application, absent further appeal to the appropriate court, would be considered abandoned. Each secrecy order, however, remains in effect until rescinded or lapsed whether or not the application is abandoned.

(4) Question four asks about the seeming inconsistency between the statutory authority to appeal a secrecy order to the Secretary

of Commerce and the CFR's implementing regulations interposing the condition that the applicant's appeal must be first taken to the Commissioner of Patents and Trademarks.

There is really no inconsistency. The right of appeal to the Secretary of Commerce, as provided by statute, must be made under procedures prescribed by the Secretary. The Secretary has prescribed the intermediate step of review by the Commissioner.

It certainly is in the best interests of national defense and the applicant himself to have an appeal heard and decided at the lowest qualified administrative level. The applicant is assured that a decision on his petition for removal of secrecy order will be decided by persons most knowledgeable in a prompt, efficient, and economical manner. The Secretary of Commerce will then have their advice if he later must decide the matter.

(5) The fifth question asks about the form of the secrecy order and why it does not identify the agency requesting it. The question goes on to ask how and when the applicant learns the identity of the agency requesting the order, and whether or not we are considering a revised form identifying the agency.

The vast majority of patent applications subject to secrecy orders already contain classification markings when filed in the

Office. These are ordinarily filed by the Government or Government contractors. The applicant, contractor assignee and attorney prosecuting the patent application all know the identity of the Government agency requiring classification markings and subsequently requesting issuance of the secrecy order.

In a few cases, the Office issues secrecy orders in applications which when filed did not contain security classification markings. In 1979, for example, 43 such secrecy orders were issued. At the time of filing, the Office cannot know, of course, if the application should have been filed with security classification markings or if any government agency has an interest in the application.

Several years ago, the Office and the defense agencies began developing a more informative and understandable secrecy order. We were successful and the new secrecy order will be utilized soon. Among its improvements, it will identify the agency requesting the secrecy order.

The sixth question asks about the compensation of applicants whose applications are subject to secrecy orders. It goes on to ask whether the statutory right to compensation is illusory or real, and whether practical benefits have, in fact, been obtained.

Rights under 35 U.S.C. 183 for securing "just compensation" for governmental use or damages resulting from a secrecy order are

provided in the same section. The applicant on receiving a Notice of Allowability may administratively claim compensation for money damages caused by the order. Claims for compensation are directed to the head of the agency responsible for the secrecy order. If full settlement is not effected, the applicant may sue the United States in the Court of Claims or an appropriate District Court. Alternatively, the applicant, on issue of the patent, may sue the United States in the Court of Claims for damages the order caused.

I regret that I cannot answer from first-hand knowledge your questions about the effectiveness of these remedies. Nevertheless, I understand that twenty-nine administrative claims for compensation have been filed since 1945 with the Defense Department. Of these, five are the subject of pending litigation, three were settled by the Defense Department before litigation, five were settled during litigation, one was the subject of a private relief bill, ten were terminated by denial and the remainder are pending in the Defense Department.

(7) The seventh question asks about the placing of classification markings on applications, the procedures applicable to these classified applications and the restraining effect of security classifications on applicants.

As I have mentioned before, the great majority of patent applications under secrecy order are filed by the Government or Government contractors. In most of these cases, the security classification

is put on the patent application by the owner when it is filed. Government agencies and their contractors ordinarily know exactly what technology is classified, and act accordingly.

Security classification markings for any document, including patent applications, are imposed by virtue of Executive Order 12065 (or earlier Executive Orders) or the Atomic Energy Act. Under Executive Order 12065, security classification markings can only be placed on documents in which the Government has a proprietary interest. This Executive Order is qualified, however, by the Atomic Energy Act. Under that Act, a security classification marking may be placed on a document involving nuclear technology, even though the Government does not have a proprietary interest.

Applications containing security classification markings when filed are reviewed to determine whether such markings are authorized. This authorization is usually found in documents accompanying the application. If the authority appears proper, the application is subjected to a secrecy order.

Nevertheless, the time for issuing the secrecy order may vary, depending upon agency practice. Some agencies request secrecy orders at the time of filing. Other agencies do not request a secrecy order until later notified that the application has actually been filed. In substantially all applications, however, a secrecy order is issued before the application is examined.

If the authority to apply a security classification marking is not apparent, the Office asks the appropriate agency if it has the authority. If no authority exists, the Office deletes the marking, and the application, of course, is not subjected to a secrecy order.

Applications bearing valid security classification markings but not yet subjected to a secrecy order are nevertheless safeguarded in the same manner as those already subjected. As I mentioned, an application may bear a valid security classification marking before being subjected to a secrecy order. Before a secrecy order is imposed, the classification markings still restrain the applicant from disclosing his invention. The extent of his restraint, as well as any penalty for disregarding such restraint, is provided under the security classification system by which the application was marked in the first place.

The penalties for unauthorized disclosure of an invention subject to a secrecy order may differ from those provided under the security classification system. Until such secrecy order has been placed on the application, however, its specific provisions for restraint and penalties cannot be invoked against the applicant.

Attached to my written statement are various exhibits that should help the Subcommittee understand and evaluate the Office's part in protecting national security. These are a compilation of forms used for security cases (including a soon-to-be-utilized secrecy order), the more important parts of the legislative history of the patent law's security provisions and a functions and information chart of our processing procedures for security-related applications.

This, Mr. Chairman, concludes my oral testimony. Mr. Quarforth and I would be happy to answer any additional questions you may have.

## LEGISLATIVE HISTORY

82<sup>ND</sup> CONGRESS  
1st Session

HOUSE OF REPRESENTATIVES

REPORT  
No. 1028PROVIDING FOR THE WITHHOLDING OF CERTAIN  
PATENTS THAT MIGHT BE DETRIMENTAL TO THE  
NATIONAL SECURITY

SEPTEMBER 24, 1951.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROGERS, from the Committee on the Judiciary, submitted the following

## REPORT

[To accompany H. R. 4687]

The Committee on the Judiciary, to whom was referred the bill (H. R. 4687) to provide for the withholding of certain patents that might be detrimental to the national security, and for other purposes, having considered the same, report favorably thereon with amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That whenever publication or disclosure by the grant of a patent on an invention in which the Government has a property interest might, in the opinion of the head of the interested Government agency, be detrimental to the national security, the Secretary of Commerce upon being so notified shall order that the invention be kept secret and shall withhold the grant of a patent therefor under the conditions set forth hereinafter.

Whenever the publication or disclosure of an invention by the granting of a patent, in which the Government does not have a property interest, might, in the opinion of the Secretary of Commerce, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention by the granting of a patent therefor would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department, or such other chief officer shall notify the Secretary of Commerce and the Secretary of Commerce, shall order that the invention be kept secret and shall withhold the grant of a patent

"When an applicant whose patent is withheld as herein provided and faithfully obeys the order of the Commissioner of Patents above referred to, to tender his invention to the Government of the United States for its use, he, 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 agency of 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."

Sec. 2. This Act shall take effect on approval and shall remain in force for a period of two years from such date.]

AN ACT OF CONGRESS APPROVED JUNE 16, 1942 (PUBLIC LAW 239, 77TH CON.)

[That the Act of Congress approved July 1, 1940 (Public, Numbered 700, Seventy-sixth Congress, third session, ch. 501), be amended by adding the following sections:

"Sec. 3. No person shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, except when authorized in each case by a license obtained from the Commissioner of Patents under such rules and regulations as he shall prescribe.

"Sec. 4. Notwithstanding the provisions of sections 4886 and 4887 of the Revised Statutes (35 U. S. C., secs. 31 and 32), any person and the successors, assigns, or legal representatives of any such person shall be debarred from receiving a United States patent for an invention if such person, or such successors, assigns, or legal representatives shall, without procuring the authorization prescribed in section 3 hereof, have made or consented to or assisted another's making application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of such invention where authorization for such application is required by the provisions of section 3, and any such United States patent actually issued to any such person, successors, assigns or legal representatives so debarred or becoming debarred shall be invalid.]

"Sec. 5. Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to the Act approved July 1, 1940 (Public, Numbered 700, Seventy-sixth Congress, third session, ch. 501), shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed such invention, or any material information with respect thereto, or whoever, in violation of the provisions of section 3 hereof, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than two years, or both.

"Sec. 6. If any provision of this Act or of any section thereof or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act and of such section and application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

"Sec. 7. As used in this Act—

"The term 'person' includes any individual, trustee, corporation, partnership, association, firm, or any other combination of individuals.

"The term 'application' includes applications, and any modifications, amendments, or supplements thereto or continuances thereof.

"Sec. 8. The prohibitions and penalties of this Act shall not apply to any officer or agent of the United States acting within the scope of his authority."

Sec. 2. This Act shall take effect thirty days after its approval.]

AN ACT OF CONGRESS APPROVED JUNE 16, 1942 (PUBLIC LAW 609, 77TH CON.)

[That section 2 of the Act of Congress approved July 1, 1940 (Public, Numbered 700, Seventy-sixth Congress, third session, ch. 501), be amended to read as follows:

"Sec. 2. This Act shall take effect on approval and, together with the provisions of the Act of August 21, 1941 (Public Law 239, Seventy-seventh Congress, first session, ch. 393), shall remain in force during the time when the United States is at war."]

## INVENTION SECRECY ACT OF 1951

For text of Act see p. 1.

Senate Report No. 1001, Oct. 16, 1951 [To accompany H.R. 4687]

House Report No. 1028, Sept. 24, 1951 [To accompany H.R. 4687]

The Senate Report repeats in substance the House Report.

Senate Report No. 1001

The Committee on the Judiciary, to which was referred the bill (H.R. 4687) to provide for the withholding of certain patents that might be detrimental to the national security, and for other purposes, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

## PURPOSE

The purpose of the proposed legislation is to provide for the withholding of certain patents that might be detrimental to the national security.

## STATEMENT

The facts relating to this bill and the justification thereof appear in House Report No. 1028, Eighty-second Congress, first session, which is herein set forth.

The present bill is substituted for H.R. 4687. Hearings were held on the present bill on August 21, 1951. H.R. 4687 is largely H.R. 6389 with minor amendments resulting from the suggestions of industry representatives acceptable to the Department of Defense which are intended to make the bill more equitable, and amendments relating to form. Hearings were also held on H.R. 6389 in the Eighty-first Congress. In view of further amendments, it is desired to report the bill in its new form. This bill changes the temporary act of Congress now in force into permanent law, with several changes recognized as desirable as a result of experience under the temporary law and problems anticipated under a permanent law.

The act of October 6, 1917 (40 Stat. 394, ch. 95; 35 U.S.C. 42) authorized the Commissioner of Patents to withhold from issue patents of inventions important to the national defense during wartime. On July 1, 1940, Public Law 700 was enacted to make the provision of the act of October 6, 1917, effective for 2 years despite the fact that the United States was not at war. This action was decided upon by the Congress because it was apparent that the national interest was endangered by the publication of certain patents. In 1942, Public Law 609 was enacted to keep Public Law 700 in effect during World War II. In 1941, the act was further amended by Public Law 239 to prohibit the filing of foreign patent applications without the license of the Commissioner of Patents and to provide penalties for the violation of the act.

The temporary act, as amended, remains in force during the time when the United States is at war and will cease to be in effect upon the official termination of the war. The purpose of the proposed bill is to grant the Secretary of Commerce, under certain conditions, the authority to keep inventions secret and to withhold issue of patents when necessary for the national security. According to the Defense Department, it is important to the national defense that the issuance of patents resulting

## LEGISLATIVE HISTORY

from research and development sponsored by the armed services and others relating to classified matters be withheld for a period in which the publication of such matters may jeopardize the national interest. The applications in the Patent Office which are presently being withheld from issuance under Public Law 700 will be issued as patents after the official termination of the war unless legislation to prevent this is enacted. Accordingly, the imminence of the declaration by the Congress of the end of the war with Germany and the signing of the Japanese Peace Treaty places this bill in the class of urgent legislation.

An important difference between this bill and Public Law 700 is that this bill sets up two groups of patent applications based upon whether the Government has a property interest in the invention. If the Government has a property interest, issuance of a secrecy order requires only a recommendation to the Commissioner of Patents by the head of the department or agency involved. The phrase "property interest" is intended to include the ownership of all rights in the invention or to a lesser interest therein such as, for example, cases where the foreign rights are retained by the inventor, or where the Government is entitled only to the interest of one or more joint inventors, and not to the interest of all the joint inventors. This group will consist in the main of inventions made by Government employees or Government contractors. In the other group, the Secretary of Commerce informs the heads of the defense agencies of patent applications whose disclosure might be detrimental to the national security. This group consists for the most part of inventions made by persons not in contact with the Government. It is necessary for the Secretary of Commerce to call the attention of the defense agency to the particular application, since they would otherwise have no knowledge of such application. The opinion of the defense agency concerned is controlling and the order that the invention be kept secret will be made pursuant thereto. The period of secrecy is 1 year, or for the duration of a national emergency declared by the President and 6 months thereafter, or for the duration of hostilities and 1 year following cessation of hostilities. The 1-year period may be renewed or the secrecy classification canceled upon proper notification of the Secretary of Commerce. Under Public Law 700, a secrecy order remains in force until rescinded.

Public Law 700 makes no provision for appeal from the secrecy order. This bill gives the owner of a patent application placed under secrecy order the right to appeal from the order to the Secretary of Commerce. This amendment is for the protection of persons affected by the secrecy order.

A further amendment to section 1 provides that—

"Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Secretary of Commerce shall thereupon maintain the application in a sealed condition."

The armed services procurement application provides that they might prohibit the filing of a patent application which discloses matter which has been classified as secret. Government contractors may thereby be deprived of a property right because they cannot obtain an early filing date on such patent application. The classification is usually reduced and filing permitted at a much later date. The use of the invention for 1 year or more during this period of filing prohibition may prevent the exercise of the filing privilege. Moreover, this act is effective for compensation purposes only after the filing of an application. If the contractor is not permitted to file, he cannot obtain any benefits under the act. It is believed that the authority to seal the application by the Secretary of Commerce would reduce the necessity to prohibit the filing of a classified application.

Section 1 also includes the following amendment:

"Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application."

## INVENTION SECRECY ACT OF 1951

This is to provide evidence of an examination of the application by other than Patent Office personnel. This would establish the date of examination if the application becomes involved in an interference proceeding with a Government-owned application and it would also establish the person who examined it. In times of emergency, industry experts enter Government service for a short period and they may be the men assigned to examine such applications. They may be employed as civilians by a competing company. It is important to establish the fact that they had seen the application in the event that a controversy develops later on.

Section 2 provides that an invention disclosed in an application subject to a secrecy order shall be held abandoned, if, in violation of the order, such invention is publicized or disclosed or filed in a foreign country without consent. The effective date of the abandonment is the date of the violation.

Section 3 differs from Public Law 700 with respect to compensation payable to the owner of an application under a secrecy order like Public Law 700, however, it provides for compensation for damages caused by the order of secrecy for governmental use. Section 3 prescribes a 6-year statute of limitations. It does not require tender of the invention to the Government precedent to recovery of compensation, nor does it defer presentation of a claim for compensation until after a patent issues on the application. It authorizes the head of a department who caused the secrecy order to be issued to make full settlement or, if that cannot be effected, a settlement not exceeding 75 percent of a just compensation. The owner who fails to secure a satisfactory award or who does not apply for compensation may bring suit in the Court of Claims. The 6-year statute of limitations is incorporated to preclude the collection of old claims from the Government, and conforms with the statute of limitations on suits in the Court of Claims. Under Public Law 700, no statute of limitations was provided for the collection of outstanding claims for an unreasonable length of time.

Section 4 prohibits the filing in a foreign country of an application for patent prior to 6 months after filing an application in the United States, unless a license is first obtained from the Secretary of Commerce. This is to prevent filing abroad before the Secretary of Commerce has had an opportunity to examine the application. The 6-month period will also give the departments concerned an opportunity to examine the application. Under Public Law 700, a foreign filing was not permitted unless authorized by the Government.

The provisions of sections 5 and 6 are substantially the same provisions as section 4, Public Law 700, and section 5, Public Law 239. Section 5 provides that a person who files a foreign application without license shall not receive a patent and section 6 incorporates penalty provisions into the act.

Section 7 like section 3 of Public Law 239 provides that the prohibitions and penalties of the act shall not apply to officers or agents of the United States acting within the scope of their duty.

Section 8 authorizes the Atomic Energy Commission, a Secretary of a Defense Department, or the chief officer of any other department designated by the President as a defense agency, and the Secretary of Commerce to separately issue rules and regulations to administer the act.

Section 9 constitutes a saving provision similar to section 6 of Public Law 239.

Section 10 repeals the acts of 1917, 1941, and 1942 but continues the action taken as to secrecy orders in effect on the date of approval of this bill.

Section 11 provides that the Atomic Energy Act of 1946 will not be affected by this act and section 12 sets forth the title of the act.

The necessity for enacting the existing law in permanent form is considered extremely important by the Department of Defense. Moreover, there appears to be general approval of the purpose of the bill. Inventions useful in war are made and developed during times of peace and

## LEGISLATIVE HISTORY

It is important to prevent knowledge of such inventions being disclosed during times of peace as well as times of war.

Mr. Paul A. Rose testified before the Subcommittee on Patents on August 21, 1951, on behalf of the American Patent Law Association:

"In view of the importance of technological development in modern warfare and the necessity of maintaining a superior military position at all times under conditions as they exist in the world today, it must be recognized that legislation of this character is necessary, regardless of the technical existence or nonexistence of a state of war."

Testimony by defense officials on this and similar bills before the Congress has indicated that we are in need of such a law. This bill will grant to the Government a permanent right which is possessed by many foreign countries in dealing with their patents.

Lt. Col. Willard J. Hodges, Jr., testified before the Subcommittee on Patents on August 21, 1951, that—

"It is believed essential that there exist in this country laws which will permit a foreign inventor to file an application in the United States Patent Office and have such application placed under an order of secrecy. In order to fulfill this Nation's treaty obligations and reap the full benefits of such joint undertakings, the enactment of this legislation is required."

Although this may prevent a person who first applies for a patent in the United States from availing himself of the 12-month priority period afforded by article 4 of the International Convention for the Protection of Industrial Property with respect to inventions kept secret under the order of the Secretary of Commerce, the executive department favors this bill because of its importance to national defense and because the bill is believed to attain its objective in a reasonable manner. Furthermore, if the bilateral agreements which the country is presently executing with the North Atlantic Treaty countries are consummated, it is anticipated that classified information will be afforded the same degree of security in certain other countries as we propose for this country in this bill. Accordingly, as a practical matter, the inventor will probably be permitted in most instances to file an application in those countries to avail himself of the 12-month priority period despite the secret nature of the invention.

Basically, the bill does not make changes in existing law with respect to its administration. Since the passage of Public Law 700, it has been administered in close cooperation with the defense agencies. The examiners of the Patent Office submit applications to the Patent Office Defense Division to determine whether they disclose inventions important to defense, and the Secretary of Defense has appointed a Patent Advisory Board to consult with the Division and assist in the determination of the applications which should be maintained in secrecy. If enacted, the Defense Department would continue to have access to pending patent applications selected by the Secretary of Commerce which in his discretion would be detrimental to the national security if disclosed.

# PATENT DISCLOSURE

## HEARINGS

BEFORE

SUBCOMMITTEE NO. 4

COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES

EIGHTY-FIRST CONGRESS

SECOND SESSION

ON

H.R. 6389

TO AMEND THE ACT RELATING TO PREVENTING THE PUBLICATION OF INVENTIONS IN THE NATIONAL INTEREST, AND FOR OTHER PURPOSES

MAY 10, 1950

Serial No. 24

Printed for the use of the Committee on the Judiciary



Captain ROBILLARD. No, sir; I thought he would be here this morning.

Mr. BOGGS. He was to appear?

Captain ROBILLARD. We will not be able to go further.

Mr. BRYSON. We have an important meeting with the Rules Committee at 11:15.

Captain ROBILLARD. I will come here to testify.

Mr. WILLIS asked if we were in agreement. We reported we were in agreement with the objectives of the bill. There might be a few minor matters in these amendments but nothing of substance.

Mr. WILLIS. Don't you think we should have the benefit of the study of the clean bill and his views?

Mr. BRYSON. Yes. We would like to proceed with this. I see the importance of it. It would be fine if you could get together with Mr. Rose and Mr. Hackley. It looks as though you are in agreement.

Mr. BERNHARDT. Would it be agreeable to Captain Robillard to prepare amendments to meet the objections raised by the Chicago Patent Law Association, so the record will be complete?

Captain ROBILLARD. I will be happy to do so.

Mr. BRYSON. Thank you, gentlemen.

(Whereupon at 11:05 a.m. the committee adjourned.)

# PATENT DISCLOSURE

## HEARINGS

BEFORE

SUBCOMMITTEE NO. 3

COMMITTEE ON THE JUDICIARY

HOUSE OF REPRESENTATIVES

EIGHTY-SECOND CONGRESS

FIRST SESSION

ON

H.R. 4687

TO PROVIDE FOR THE WITHHOLDING OF CERTAIN PATENTS  
THAT MIGHT BE DETRIMENTAL TO THE NATIONAL SECURITY,  
AND FOR OTHER PURPOSES

AUGUST 21, 1951

Serial No. 22

Printed for the use of the Committee on the Judiciary



Section 1 of the bill provides that the Secretary of Commerce may make available for inspection by specified defense agencies and the Atomic Energy Commission applications for patent for the purpose of determining whether a secrecy order shall be recommended and provides also that each individual in such agencies to whom the application is disclosed shall sign a dated acknowledgment thereof which shall become a part of the record. The latter provision is important for the protection of the rights of applicants, particularly in view of the practice of employment by the Government of experts from various industries during periods of emergency.

This section also provides for the sealing of an application by the Secretary of Commerce upon a proper showing by the defense agencies. This provision is important as it is hoped that it will be utilized in order to permit filing of applications by contractors on inventions connected with highly classified contracts in very secret and important fields, so that their dates of invention and rights to eventual patent protection may be preserved, rather than have the right to file applications for patent refused by the Government agencies concerned because of the present military importance of the development.

This section also makes it mandatory on the Secretary of Commerce to issue a secrecy order upon the recommendation of the head of one of the specified defense agencies and provides for annual review of the order of secrecy in times of peace. These provisions are believed proper because the defense agencies are in the best position to judge the necessity for secrecy in any particular case. The limit of 1 year on the duration of a secrecy order in peacetime is necessary to prevent withholding of patents and maintenance of secrecy any longer than is absolutely necessary for security purposes.

Section 2 prohibits filing of foreign applications without license in cases subject to secrecy order, with possible loss of patent rights as a penalty for violation.

Section 3 provides for compensation to an applicant both for damages caused by an order of secrecy and for use of the invention by the Government, with provision for administrative settlement of the claim and/or suit in the Court of Claims for just compensation for the damage and/or use by the Government. The procedure and the rights established are believed to be adequate, except that the limitation of jurisdiction to the Court of Claims is unnecessarily restrictive. There is no question but that the bill will be more acceptable to inventors and contractors if it provides for concurrent jurisdiction in the district courts as is now done, for instance, in the Royalty Adjustment Act (35 U.S.C. 90). Also, the limit of 2 years from the date of issue of a patent within which to apply for compensation is too short. In some cases, such as damage resulting from loss of convention rights by inability to obtain license to file abroad, the fact of the damage may not become known within such 2-year period. Accordingly, it is recommended that this period be made 6 years in conformance with the present statute of limitations on suits in the Court of Claims, by changing "2" to "6" in lines 1 and 24 of page 5, and in line 10 of page 6 of the bill.

Section 4 requires obtaining a license from the Secretary of Commerce before filing application for patent abroad on inventions made in the United States and is necessary to prevent circumvention of the act by first filing abroad.

Section 5 provides the penalty of loss of patent rights for violation of the provisions of section 4, and section 6 provides penalties for violation of the secrecy orders under section 1.

Section 7 relieves those acting in official capacity or under their authorization from the penalties of the act.

Section 8 provides for establishment of rules for procedure by the various agencies concerned.

In view of the provision in section 1 for the sealing of an application the examination of which might jeopardize the national interest, it is unnecessary for security reasons that the Government should be in a position to forbid a contractor to file application for patent. Moreover, it is believed to be unwise to leave in the hands of Government contracting officers the power to require by contract, or otherwise, a waiver of the contractor's right to file any application outside the field of Atomic Energy, which is exempt from the present bill. Such a sweeping power to deprive a contractor of the benefits of the patent laws and the provisions providing for compensation under this act, if it is to be used at all should be reserved for special legislation by the Congress, as in the Atomic Energy Act. Therefore it is recommended that the following language be added to section 8: "Provided, however, that no such department or agency by contract,

order, rule, or regulation shall forbid the filing of an application for patent by a Government contract or, except in those instances where the United States owns the invention.

Section 9 is the savings clause, section 10 the repealer of the present laws, and section 11 the exemption of the Atomic Energy Act.

Subject to the amendments suggested above, the American Patent Law Association endorses the bill and recommends its approval.

#### STATEMENT OF HAYWARD BROWN, CHIEF, PATENT SECTION, DEPARTMENT OF JUSTICE

Mr. Bryson. Mr. Rose, we are very much obliged to you for your statement. Our next witness is Mr. Hayward Brown, Chief of the Patent Section, Claims Division, Department of Justice.

Mr. Brown. Mr. Chairman, I regret that the Department did not get its communication to you prior to this hearing. The hearings were called rather on short notice.

Mr. Bryson. Yes.

Mr. Brown. And what I have to say perhaps will be subject to correction in some respects by the letter that follows.

Mr. Bryson. Are you prepared to state that generally the Department of Justice is in favor of the bill?

Mr. Brown. The Department of Justice does not oppose the bill. Well, I will put it this way: the Department of Justice defers to the military establishments, because they are more able to judge the need of this kind of thing, because it is to enable them to prevent the passage of information, secret information, from this country to a foreign country by way of a patent application.

Mr. Bryson. Do you have a prepared statement?

Mr. Brown. No, I do not.

Mr. Bryson. But an official letter will follow?

Mr. Brown. The official letter will follow, yes.

We will defer to the military, and if there is anything particular that the committee might want to get my views on, I will be very glad to cooperate.

With respect to damages, the point that was discussed, I think possibly a requirement to prove actual damages should be made. I think if that is not included in the bill, then perhaps it should be.

And with respect to claims for just compensation, for actual damages, of course, that may be covered by the term "just compensation." We might argue that compensation was unjust if they had not proved actual damages. We join in the views expressed by the member of the committee that there should be actual damages proven before there is any recovery.

Mr. Bryson. Are there any questions? If not, thank you very much.

Mr. Brown. Thank you.

#### STATEMENT OF P. J. FEDERICO, EXAMINER-IN-CHIEF, U.S. PATENT OFFICE

Mr. Bryson. Our next witness is Mr. Federico, from the Patent Office. Will you give the stenographer your full name and the capacity in which you appear?

Mr. FEDERICO, P. J. Federico, Examiner-in-Chief, U.S. Patent Office.

Mr. Chairman, I appear for the Patent Office, without any prepared statement, but only to make a very few remarks.

Bills of this sort has been proposed by the Defense Department for the last 4 or 5 years. The problem is primarily one for the Defense Department, and in every instance the Patent Office has been kept informed of steps taken by the Defense Department, and has been consulted, and its assistance asked in the preparation of bills, and so on.

And, the Patent Office still stands ready to assist in any way to work up a more desirable bill.

The present bill has been patterned after the existing laws. On the procedures, the administrative procedures have been attempted to be made as simple as possible, as reasonable as possible as a bill could be drawn that would operate during peacetime as well as during time of war.

The Patent Office does not have any objection to the bill and of course is cooperating with the Defense Department in attempting to get a suitable measure.

Mr. BRYSON. Now, the Patent Office is in somewhat the same position as the Department of Justice, it defers to the Defense Department?

Mr. FEDERICO. Yes.

Mr. WILLIS. Have you any figures you can submit as to the approximate number of patents under secrecy now that would be exposed possibly for public information in the event this act would not be adopted, and we should have a peacetime operation?

Mr. FEDERICO. Yes. Very roughly there would be some 3,000, with the applications—

Mr. BRYSON. Varying in importance, of course?

Mr. FEDERICO. Varying in importance, obviously, and varying also in stages; that is, progress through the Patent Office. If the present law ceases to operate, the majority of those would immediately take the necessary steps to go through to become patents, and be published.

Mr. WILLIS. Let me ask you this question with respect to the provisions, new in this bill, but not found in the old law, for the reevaluation of secret patents. Have steps been taken from time to time to free patents that were placed in secrecy? Has there been much belly-aching because of taking too long a time to dispose of them?

Mr. FEDERICO. When an order is issued to rescind, and it may be that the rescission comes about by the fact that the inventor writes in to the Patent Office or to the department involved, and they look into the matter and decide whether to rescind it or not. And the departments themselves review their projects from time to time and they come up with certain conclusions as to whether to recommend rescission of the secrecy order or not.

These reviews are going along all the time, although there is no necessary regulation on it.

Mr. WILLIS. What is your idea of the period of 1 year? Is that too short, or what time would you suggest?

Mr. FEDERICO. My own personal opinion is that the period should be short during peacetime, and systematically and periodically there should be a resurvey of all cases to keep the people involved on their

fees in order to have a clear record at all times. It might be that 1 year is a little too short. I would feel myself that a year might be a little too short for that.

Mr. WILLIS. In these patents where secrecy is imposed by the act, are the patents, designs, and papers themselves kept in your office?

Mr. FEDERICO. The patent applications involved—of course, they start in the office and they only deal with that particular patent application, and we have the application papers, and we are dealing with various cases, depending upon the desire of the Defense Department in connection with the particular subject matter involved. Some of the applications are examined in their turn, in the usual way, in the Patent Office. Of course, there may be in special cases a special examiner working on the case.

Mr. WILLIS. Under the provisions of the bill, whose job would it be to review, the agency or your office, or would you be collaborating in the effort?

Mr. FEDERICO. The review of the secrecy order should be maintained by the outside agency.

Mr. WILLIS. Maintained or lifted?

Mr. FEDERICO. The initiating agency that recommends the order in the first place would have the duty of reviewing it periodically. The Patent Office would not have any duty in reviewing it, according to the bill, and those initiated by the Patent Office are recommended by the particular agency that is interested, that is, the different agency recommends that they do the reviewing.

Mr. ROGERS. At the present time, or under the present operation of a secrecy order, when an application is made for patent, and the appropriate agency, Department of Defense or Atomic Energy Commission, expresses an interest that this particular patent or application for patent should be kept under a seal, does the Patent Office thereafter proceed in a normal manner to ascertain whether or not the man is entitled to a patent, or is it stopped then and you wait until a later time?

Mr. FEDERICO. As I started to say, the applications are handled in various ways. Sometimes the examination proceeds in the usual way, until a stage is reached where it is decided that the patent should be held up.

In those instances where the department requests that no disclosure in the application is made, requiring that it be kept under seal, it may be handled in the usual way. In other words, there is a difference in treatment, depending upon the advice of and request of the initiating agency.

Mr. ROGERS. If then, after an examination, if it should take the office a period of 1 year, would there not be a backlog of work in the Patent Office. They would have to go through the applications to ascertain whether or not the man had been entitled to a patent?

Mr. FEDERICO. The backlog would be only with respect to those that were kept under seal.

Mr. ROGERS. Yes.

Mr. FEDERICO. And not acted on.

Mr. ROGERS. Yes. Could you give us any information as to how many have been kept sealed and have not been acted upon; is it the 3,000?

Mr. HAERTEL. Theodore G. Haertel.

Mr. BRYSON. Do you have a statement you would like to make?

Mr. HAERTEL. Mr. Chairman, I have a statement from the Aeronautical Industry Association, which I would like to file with the committee.

Mr. BRYSON. What are the views of the industry with regard to this committee print?

Mr. HAERTEL. I am not a patent lawyer, Mr. Chairman, and I would like to let the letter speak for itself.

Mr. WILLIS. What is their view on the bill?

Mr. HARRIS. Their statement is generally favorable.

Mr. HAERTEL. We have a few suggested amendments to the bill, but we are not against the bill.

Mr. BRYSON. Thank you very much, Mr. Haertel.

Mr. HAERTEL. Thank you.

Mr. BRYSON. Mr. Lanham, we will be glad to hear you.

Mr. LANHAM. Mr. Chairman, in view of the fact that some of these witnesses are here from a distance, I would like to defer in behalf of getting their statements.

Mr. BRYSON. Thank you.

**STATEMENT OF LT. COL. WILLARD J. HODGES, JR., CHIEF, PATENT DIVISION, OFFICE OF THE JUDGE ADVOCATE GENERAL, DEPARTMENT OF THE ARMY**

Mr. BRYSON. Colonel Hodges, will you give your full name for the record?

Colonel HODGES. Lt. Col. Willard J. Hodges, Jr., Chief, Patent Division, Office of the Judge Advocate General, Department of the Army.

Mr. BRYSON. Do you have a prepared statement?

Colonel HODGES. I do.

Mr. BRYSON. Do you wish to read it or just comment from it?

Colonel HODGES. If I may, I would like to read the statement. It is rather short; then I would like to make a few comments on the committee print of the bill.

Mr. BRYSON. Very well.

Colonel HODGES. This statement has not specifically been cleared with the Bureau of the Budget, however, the information contained herein is consistent with views previously concurred in by that office. The enactment of H.R. 4687 in the immediate future is earnestly solicited by the Department of the Army.

The urgency for the enactment of this bill stems from the belief that the official termination of World War II is imminent in view of the anticipated enactment of House Joint Resolution 289 by Congress which will terminate World War II with Germany, and of the adoption and ratification of a peace treaty with Japan.

A termination of World War II will terminate the authority of the Commissioner of Patents to withhold the grant of a patent whenever in his opinion the publication or disclosure of an invention by the granting of a patent thereon might be detrimental to the public safety or defense, as provided by Public Law 700, 76th Congress, as amended (35 U.S.C. 12a to f).

The termination of this authority is inevitable as evidenced by Public Law 239, 77th Congress, which provides that Public Law 700, supra, shall remain in force "during the time when the United States is at war." In this connection your specific attention is invited to the fact that this law terminates upon a declaration of peace and has no 6-month-delay provision as is usually provided in most statutes terminating with war.

At present there are approximately 2,395 patent applications under orders of secrecy. These cases were placed under orders of secrecy upon the recommendations of the Armed Services Patent Advisory Board, a Board established at the request of the Commissioner of Patents to aid him in carrying out the provisions of Public Law 700, supra.

The majority of these applications are privately owned applications and contain subject matter, the disclosure of which would greatly aid and abet any potential enemies of the United States. The release of this classified subject matter would constitute a serious security breach vitally affecting the defenses of the free world.

With respect to these applications now in secrecy, Public Law 700 is the only means whereby the security of this subject matter can be currently adequately protected. The remaining applications under orders of secrecy are owned by the United States or are ones in which the United States has an interest. The cases which are owned by the United States can be placed under R.S. 4894 commonly referred to as "the 3-year rule" and some degree of security is thereby afforded; however, this law requires as a condition precedent that the applications be owned by the United States. R.S. 4894 was not intended primarily to be used as a security measure. It does operate to delay and thereby prohibit the issuance of a patent, but the subject matter is open to examiners who may or may not be cleared to have access to classified military information. Furthermore, there is no penalty provision under R.S. 4894 for any unauthorized disclosure by the inventor or his assignees.

A further cogent reason for the enactment of this bill is international in its scope. The Government of the United States, through the Department of State, is presently engaged in executing bilateral agreements with the MDAP and North Atlantic Treaty countries. These agreements provide for the mutual exchange of technical information. It is anticipated that much of this information will be classified information, and as under the patent interchange agreements under which Britain and the United States operated in World War II, security agreements will be executed whereby the recipient countries will afford the classified information the same degree of security as that given by the country of origin. Great Britain has enacted into law relatively recently the Patent Act (1919, 12, 13, and 14 Geo. 6, ch. 87, sec. 18(1)), a law very similar in scope to H.R. 4687. This bill is believed to be vital to the success of the MDAP program insofar as the exchange of classified information is concerned. This view is prompted by the controlling fact that an agent of the U.S. Government must obtain the consent of the owner of such technical information prior to such disclosure. This consent would be as a practical matter virtually unobtainable if the owner of such information could not file a foreign application to protect his foreign

it. That is the importance of a peacetime secrecy act; the inventions with which you fight the next war are made during peacetime before the war.

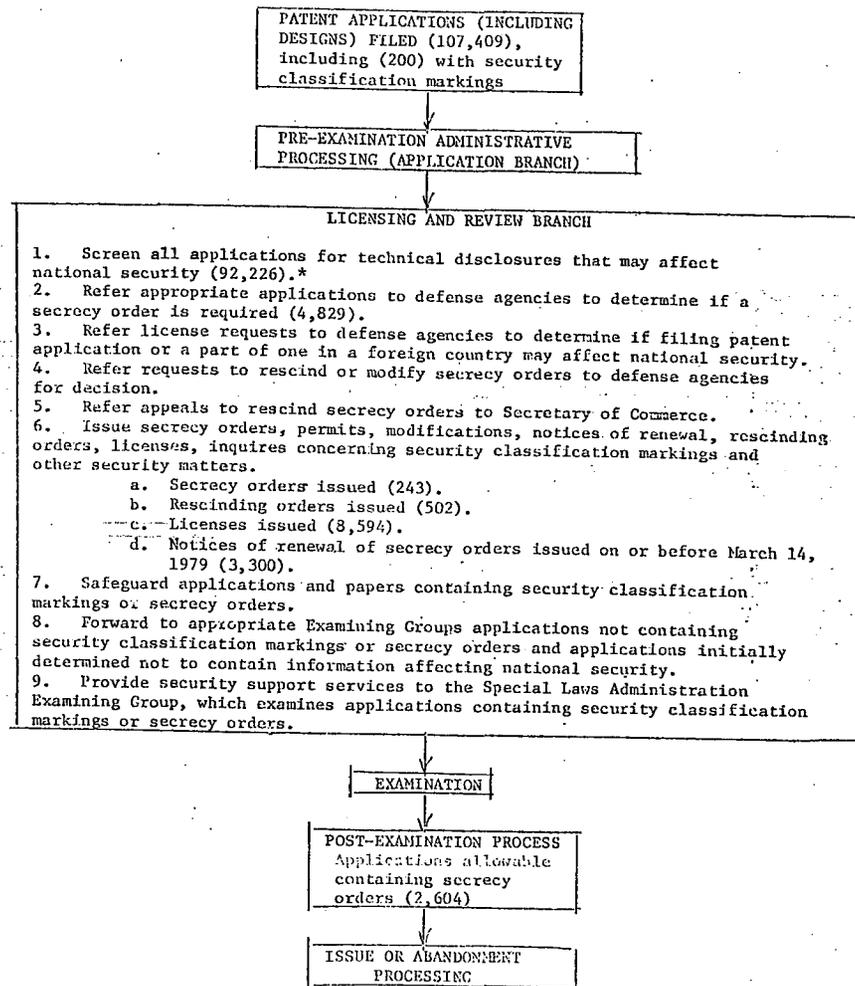
Mr. Bryson. Do you, in the main, concur in what has been said by the other agencies in favor of this bill?

Mr. Ray Harris. Yes, sir; we urge the enactment of the bill.

Mr. Bryson. Thank you. The committee stands adjourned. (Whereupon the subcommittee adjourned.)

## FUNCTIONS AND INFORMATION CHART

This chart presents an overview of the flow of patent applications through the Office and the basic security functions and activities of the Licensing and Review Branch. Data is for fiscal year 1979, unless otherwise indicated.



\* The difference between the number of applications filed and screened represents a backlog buildup of new applications in Application Branch.

FORMS, CIRCULARS, ETC. RELATING  
TO SECURITY PROCESSING

A copy of each form letter, circular or the like currently used by the Special Laws Administration Group in administering Part 5 of 37 CFR is attached, with a brief description.

CIRCULAR/SECURITY OF CERTAIN INVENTIONS AND LICENSES  
TO FILE APPLICATIONS IN FOREIGN COUNTRIES (Rev. 10-78).

Circular includes Chapter 17 of U.S. Code and Part 5 of 37 CFR Secrecy Orders and Foreign Filing Licenses.

SCREENING FORM, PTO-103 (Rev. 1-79)

Form used by patent examiners in the Special Laws Administration Group to "screen" patent applications.

If a box identifying a defense agency or agencies is checked, the application is made available to that agency under 35 U.S.C. 181. Applications are made available to the Department of Energy under 42 U.S.C. 2181(d).

If the box labeled "log" is checked, the application involved is of foreign origin. A record or "log" of the application is made by serial number, and is made available to the Department of Defense and National Aeronautics and Space Administration upon request. All foreign origin applications are made available to the Department of Energy.

If the box labeled "185" is checked, Licensing and Review will investigate the circumstances surrounding any filings of patent applications in a foreign country to determine if action should be initiated under 35 U.S.C. 185.

If the box labeled "other" is checked, the application is licensable under 35 U.S.C. 184.

LICENSE FOR FOREIGN FILING, PTO-280 (Rev. 10-78)

License from Commissioner of Patents and Trademarks to permit foreign filing of application (35 U.S.C. 184).

LETTER/NO LICENSE IS REQUIRED, POL-302 (9-65)

Letter stating that subject matter has been on file in the P.T.O. for six months and, thus, no license is required.

REVIEW LETTER, PTOL-292 (Rev. 11-78)

Letter indicating Action is suspended on request for License. Requester is advised that review with respect to security is required.

LETTER/NO LICENSE NECESSARY

Letter - no license necessary - security review completed (no secrecy) - subject matter on file in U.S. for six months.

SECURITY REVIEW RECOMMENDATION SHEET, PO-255 (6-66)

Security review recommendation sheet for Department of Defense use.

ACCESS ACKNOWLEDGEMENT SHEET

Access acknowledgement sheet to be signed by reviewer (defense agency representative) that information acquired from case will be used for 35 U.S.C. 181 purposes only.

SECURITY ORDER PTOL-96 (Rev. 6-75)

Department of Defense Secrecy Order.

SECURITY ORDER, PTOL-96B (Rev. 6-75)

Department of Energy Secrecy Order differs from Department of Defense Secrecy Order in that (1) the portion regarding disclosure which involves foreign countries and foreign nationals (fourth paragraph, beginning with second sentence) is omitted, and (2) last sentence of Department of Energy Secrecy Order is additional.

SECURITY ORDER, PTOL-96, 96A and 96B (Rev. 2-80)

Secrecy order to replace PTOL 96 and 96B, where application as filed does not contain security classification markings.

SECURITY ORDER RECEIPT, PTO-218 (Rev. 3-79)

Secrecy Order Receipt to be signed by designated principal acknowledging Secrecy Order Notice.

PERMIT A, PTO-299 (Rev. 4-75)

Permit A - To allow disclosure to (1) specified classes of Government employees and officers, (2) certain designated persons and (3) certain persons employed by or working with principals or their licensees.

Usually issued with Secrecy Order for unclassified application filed by independent interest (no Government proprietary interest).

PERMIT FOR PATENT APPLICATIONS CLASSIFIED BY GOVERNMENT  
CONTRACT, PTOL-329 (Rev. 4-75)

Government Contract Permit allows action authorized by security requirements of the Government contract.

Usually issued with Secrecy Order for application containing invention developed under Government contract.

In most instances, removes need for modification of Secrecy Order.

PERMIT FOR FOREIGN FILING, PTO-423 (Rev. 5-75)

Issued in an application under Secrecy Order.

Modifies Secrecy Order to permit filing corresponding case in specified foreign countries, and sets forth procedures to accomplish same.

PERMIT PTO-243 (Rev. 3-75)

Disclosure Permit

Used in an application under Secrecy Order.

Modifies Secrecy Order to permit specific disclosures to individuals and firms, or to allow disclosure in certain publications, symposiums, etc.

RESCINDING ORDER, PTO-216 (Rev. 7-79)

Rescinds Secrecy Order.

MARKINGS LETTER, PTOL-248 (Rev. 3-78)

Requests applicant to determine need for existing classification markings in case.

NOTICE OF ALLOWABILITY (FORM D-10), PTOL-258 (Rev. 8/78)

Notice of Allowability advises applicant case is allowable but is withheld from issue in view of Secrecy Order.

NOTICE - RENEWAL OF SECRECY ORDER (INTERIM FORMS PTOL-CND, CNE, CNO, UND, UNE, UNO, CPD, CPE, CPO, UPD, UPE, AND UPO)

Use of a particular renewal form depends on whether or not the application contains security classification markings, the Secrecy Order was issued on or before September 14, 1978, and whether or not the renewal notice was requested by the Department of Defense, Department of Energy or some other defense agency.

U.S. DEPARTMENT OF COMMERCE  
PATENT AND TRADEMARK OFFICE

SECURITY OF CERTAIN INVENTIONS  
AND  
LICENSES TO FILE APPLICATIONS  
IN FOREIGN COUNTRIES

Note: The Energy Research and Development Administration has been abolished, Section 301(a), Title III of the Department of Energy Organization Act of 1977, 42 U.S.C. 7151, Public Law 95-91, effective October 1, 1977 by Executive Order 12009 signed by the President September 13, 1977. The Atomic Energy Act of 1954, however, has not been repealed. The functions of the Energy Research and Development Administration were transferred to and are now administered by the Department of Energy established under said Organization Act.

SECURITY ORDERS

- Sec.
- 5.1 Defense inspection of certain applications.
  - 5.2 Secrecy order.
  - 5.3 Prosecution of application under secrecy order; withholding patent.
  - 5.4 Petition for rescission of secrecy order.
  - 5.5 Permit to disclose or modification of secrecy order.
  - 5.6 General and group permits.
  - 5.7 Compensation.
  - 5.8 Appeal to Secretary.
- LICENSES FOR FOREIGN FILING
- 5.11 License for filing application in foreign country or for transmitting international applications.
  - 5.12 Petition for license.
  - 5.13 Petition for license; no corresponding U.S. application.
  - 5.14 Petition for license; corresponding U.S. application.
  - 5.15 Scope of license.
  - 5.16 Effect of secrecy order.
  - 5.17 Who may use license.
  - 5.18 Arms, ammunition, and implements of war.
  - 5.19 Export of technical data.

GENERAL

- 5.21 Effect of modification, rescission or license.
  - 5.22 Papers in English language.
  - 5.23 Correspondence.
- Authority: The provisions of this Part 5 issued under 35 U.S.C. 8, 181-187, 188.
- Source: The provisions of this Part 5 appear at 24 FR 10381, Dec 22, 1959, and 43 FR 20470, 20471 May 11, 1978 unless otherwise noted.

SECURITY ORDERS

- § 5.1 Defense inspection of certain applications.
- (a) The provisions of this part shall apply to both national and international applications filed in the Patent and Trademark Office and, with respect to inventions made in the United States, to applications filed in any foreign country or any international authority other than the United States Receiving Office. The (1) filing of a national or an international application in a foreign country or with an international authority other than the United States Receiving Office, or (2) transmittal of an international application to a foreign agency or an international authority other than the United States Receiving Office is considered to be a foreign filing within the meaning of Chapter 17 of Title 35, United States Code.
- (b) In accordance with the provisions of 35 U.S.C. 181, patent applications containing subject matter the disclosure of which might be detrimental to the national security are made available for inspection by defense agencies as specified in said section. Only applications obviously relating to national security, and applications within fields indicated to the Patent and Trademark Office by the defense agencies as so related, are made available. The

inspection will be made only by responsible representatives authorized by the agency to review applications. Such representatives are required to sign a dated acknowledgment of access accepting the condition that information obtained from the inspection will be used for no purpose other than the administration of 35 U.S.C. 181-188. Copies of applications may be made available to such representatives for inspection outside the Patent and Trademark Office under conditions assuring that the confidentiality of the applications will be maintained, including the conditions that: (a) all copies will be returned to the Patent and Trademark Office promptly if no secrecy order is imposed, or upon rescission of such order if one is imposed, and (b) no additional copies will be made by the defense agencies. A record of the removal and return of copies made available for defense inspection will be maintained by the Patent and Trademark Office. Applications relating to atomic energy are made available to the Department of Energy as specified in § 1.14 of this chapter.

§ 5.2 Secrecy order.

(a) When notified by the chief officer of a defense agency that publication or disclosure of the invention by the granting of a patent would be detrimental to the national security, an order that the invention be kept secret will be issued by the Commissioner of Patents and Trademarks.

(b) The secrecy order is directed to the applicant, his successors, any and all assignees, and their legal representatives; hereinafter designated as principals.

(c) A copy of the secrecy order will be forwarded to each principal of record in the application and will be accompanied by a receipt, identifying the particular principal, to be signed and returned.

(d) The secrecy order is directed to the subject matter of the application. Where any other application in which a secrecy order has not been issued discloses a significant part of the subject matter of the application under secrecy order, the other application and the common subject matter should be called to the attention of the Patent and Trademark Office. Such a notice may include any material such as would be urged in a petition to rescind secrecy orders on either of the applications.

§ 5.3 Prosecution of application under secrecy orders; withholding patent.

Unless specifically ordered otherwise, action on the application by the Office and prosecution by the applicant will proceed during the time an application is under secrecy order to the point indicated in this section:

(a) National applications under secrecy order which come to a final rejection must be appealed or otherwise prosecuted to avoid abandonment. Appeals in such cases must be completed by the applicant but unless otherwise specifically ordered by the Commissioner will not be set for hearing until the secrecy order is removed.

(b) An interference will not be declared involving national applications under secrecy order. How-

ever, if an applicant whose application under secrecy order copies claims from an issued patent, a notice of that fact will be placed in the file wrapper of the patent.

(c) When the national application is found to be in condition for allowance except for the secrecy order the applicant and the agency which caused the secrecy order to be issued will be notified. This notice (which is not a notice of allowance under § 1.311 of this chapter) does not require response by the applicant and places the national application in a condition of suspension until the secrecy order is removed. When the secrecy order is removed the Patent and Trademark Office will issue a notice of allowance under § 1.311 of this chapter, or take such other action as may then be warranted.

(d) International applications under secrecy order will not be mailed, delivered or otherwise transmitted to the international authorities or the applicant. International applications under secrecy order will be processed up to the point where, if it were not for the secrecy order, record and search copies would be transmitted to the international authorities or the applicant.

#### § 5.4 Petition for rescission of secrecy order.

(a) A petition for rescission or removal of a secrecy order may be filed by, or on behalf of, any principal affected hereby. Such petition may be in letter form, and it must be in duplicate. The petition must be accompanied by one copy of the application or an order for the same, unless a showing is made that such a copy has already been furnished to the department or agency which caused the secrecy order to be issued.

(b) The petition must recite any and all facts that purport to render the order ineffectual or futile if this is the basis of the petition. When prior publications or patents are alleged the petition must give complete data as to such publications or patents and should be accompanied by copies thereof.

(c) The petition must identify any contract between the Government and any of the principals, under which the subject matter of the application or any significant part thereof was developed, or to which the subject matter is otherwise related. If there is no such contract, the petition must so state.

(d) Unless based upon facts of public record, the petition must be verified.

#### § 5.5 Permit to disclose or modification of secrecy order.

(a) Consent to disclosure, or to the filing of an application abroad, as provided in 35 U.S.C. 182, shall be made by a "permit" or "modification" of the secrecy order.

(b) Petitions for a permit or modification must fully recite the reason or purpose for the proposed disclosure. Where any proposed disclosure is known to be cleared by a defense agency to receive classified information, adequate explanation of such clearance should be made in the petition including the name of the agency or department granting the clearance and the date and degree thereof. The petition must be filed in duplicate and be accompanied by one copy of the application or an order for the same, unless a showing is made that such a copy has already been furnished to the department or agency which caused the secrecy order to be issued.

(c) In a petition for modification of a secrecy order to permit filing abroad, all countries in which it is proposed to file must be made known, as well as all attorneys, agents and others to whom the material will be consigned prior to being lodged in the foreign patent office. The petition should include a statement vouching for the loyalty and integrity of the proposed disclosers and where their clearance status in this or the foreign country is known all details should be given.

(d) Consent to the disclosure of subject matter from one application under secrecy order may be deemed to be consent to the disclosure of common subject matter in other applications under secrecy

order so long as not taken out of context in a manner disclosing material beyond the modification granted in the first application.

(e) The permit or modification may contain conditions and limitations.

#### § 5.6 General and group permits.

(a) Organizations requiring consent for disclosure of applications under secrecy order to persons or organizations in connection with repeated routine operation may petition for such consent in the form of a general permit. To be successful such petitions must ordinarily recite the security clearance status of the disclosers as sufficient for the highest classification of material that may be involved.

(b) Where identical disclosers and circumstances are involved, and consent is desired for the disclosure of each of a specific list of applications, the petitions may be joined.

#### § 5.7 Compensation.

Any request for compensation as provided in 35 U.S.C. 183 must not be made to the Patent and Trademark Office but should be made directly to the department or agency which caused the secrecy order to be issued. Upon written request persons having a right to such information will be informed as to the department or agency which caused the secrecy order to be issued.

#### § 5.8 Appeal to Secretary.

Appeal to the Secretary of Commerce, as provided by 35 U.S.C. 181, from a secrecy order cannot be taken until after a petition for rescission of the secrecy order has been made and denied. Appeal must be taken within 60 days from the date of the denial, and the party appealing, as well as the department or agency which caused the order to be issued will be notified of the time and place of hearing. The appeal will be heard and decided by the Secretary or such officer or officers as he may designate.

#### § 5.11 License for filing application in foreign country or for transmitting international application.

(a) When no secrecy order has been issued under § 5.2, a license from the Commissioner of Patents and Trademarks under 35 U.S.C. 184 is required before filing any application for patent or for the registration of a utility model, industrial design, or model, in a foreign country, or transmitting an international application to any foreign patent agency or any international agency other than the United States Receiving Office, or causing or authorizing such filing or transmittal, with respect to an invention made in the United States, if:

(1) The foreign application is to be filed or its filing caused or authorized before a national or international application for patent is filed in the United States, or

(2) The foreign application is to be filed, or its filing caused or authorized, or the transmittal of the international application is caused or authorized, prior to the expiration of six months from the filing of the application in the United States.

(b) When there is no secrecy order in effect, a license under 35 U.S.C. 184 is not required if:

(1) The invention was not made in the United States, or

(2) The foreign application is to be filed or the international application is to be transmitted, or its filing or transmittal caused or authorized, after the expiration of six months from the filing of the national application in the United States.

(c) When a secrecy order has been issued under § 5.2, an application cannot be filed in a foreign country, nor can an international application be transmitted to any agency other than the United States Receiving Office except in accordance with § 5.5.

#### § 5.12 Petition for license.

Petitions for license under 35 U.S.C. 184 may be presented in letter form and should include petitioner's address, and full instructions for delivery of the requested license when it is to be delivered to other than the petitioner.

#### § 5.13 Petition for license; no corresponding application.

Where there is no corresponding national or international application, the petition for license must be accompanied by a legible copy of the material upon which license is desired. This copy will be retained as a measure of the license granted. For assistance in the identification of the subject matter of each license so issued, it is suggested that the petition or requesting letter be submitted in duplicate and provide a title and other description of the material. The duplicate copy of the petition will be returned with the license or other action on the petition. Where an international application is being filed in the United States Receiving Office, the petition may accompany the international application.

#### § 5.14 Petition for license; corresponding U.S. application.

(b) Two or more United States applications should not be referred to in the same petition for license unless they are to be combined in the foreign or international application, in which event the petition should so state and the identification of each United States application should be in separate paragraphs.

(c) Where the application to be filed or transmitted abroad contains matter not disclosed in the United States application or applications, including the case where the combining of two or more United States applications introduces subject matter not disclosed in any of them, a copy of the application as it is to be filed in the foreign country or international application which is to be transmitted to a foreign international or national agency as it is to be filed in the Receiving Office must be furnished with the petition. If, however, all new matter in the foreign or international application to be filed is readily identifiable, the new matter may be submitted in detail and the remainder by reference to the pertinent United States application or applications.

#### § 5.15 Scope of license.

(a) A license to file an application in a foreign country or transmit an international application to any foreign or international agency other than the United States Receiving Office, when granted, includes authority to forward all duplicate and formal papers to the foreign country or international agencies and to make amendments and take any action in the prosecution of the foreign or international application, provided subject matter additional to that covered by the license is not involved. In those cases in which no license is required to file the foreign application or transmit the international application, no license is required to file papers in connection with the prosecution of the foreign or international application not involving the disclosure of additional subject matter. Any paper filed abroad or with an international agency following the filing of a foreign or international application which involves the disclosure of additional subject matter must be separately licensed in the same manner as a foreign or international application.

#### § 5.16 Effect of secrecy order.

Any license obtained under 35 U.S.C. 184 is ineffective if the subject matter is under a secrecy order, and a secrecy order prohibits the exercise of or any further action under the license unless separately specifically authorized by a modification of the secrecy order in accordance with § 5.5.

#### § 5.17 Who may use license.

Licenses may be used by anyone interested in the foreign filing or international transmittal for or on behalf of the inventor or the inventor's assigns.

#### § 5.18 Arms, ammunition, and implements of war.

(a) The exportation of technical data relating to arms, ammunition, and implements of war generally is subject to the International Traffic in Arms Regulations of the Department of State (22 CFR Parts 121-128); the articles designated as arms, ammuni-

tion, and implements of war are enumerated in the U.S. Munitions List, 22 CFR 121.01. However, if a patent applicant complies with regulations issued by the Commissioner of Patents and Trademarks under 35 U.S.C. 184, no separate approval from the Department of State is required unless the applicant seeks to export technical data exceeding that used to support a patent application in a foreign country. This exemption from Department of State regulations is applicable regardless of whether a license from the Commissioner is required by the provisions of §§ 5.11 and 5.15 (22 CFR 125.04(b), 125.20(b)).

(b) When a patent application containing subject matter on the Munitions List (22 CFR 121.01) is subject to secrecy order under § 5.2 and a petition is made under § 5.5 for a modification of the secrecy order to permit filing abroad, a separate request to the Department of State for authority to export classified information is not required (22 CFR 125.05 (d)).

[35 FR 6430, Apr. 22, 1970]

#### § 5.19 Export of technical data.

(a) Under regulations established by the U.S. Department of Commerce, a validated export license from the Bureau of Trade Regulation may be required for the foreign filing of a patent application, under certain conditions. The pertinent regulations are set forth in 15 CFR Parts 370-372 and 379.

(b) A validated export license is required for the foreign filing of patent applications:

(1) Containing certain technical data, unless such foreign filing is in accordance with the regulations of the U.S. Patent and Trademarks Office (15 CFR 379.4 (c), (d)); or

(2) In certain designated countries or areas, if the application contains any restricted technical data not exportable under provisions of 15 CFR 379.3.

(c) A validated export license is not required for the foreign filing of a patent application in any case where:

(1) The data contained in the patent application is generally available to the public in any form (15 CFR 379.3 (a)); or

(2) The foreign filing is in accordance with the regulations of the U.S. Patent and Trademarks Office and (i) the patent application has been previously filed abroad in one of the "early publication countries," or (ii) the data contained in the application is the same as that in an application for which the U.S. Patent and Trademarks Office has issued a notice that the patent has been scheduled for printing and publication (15 CFR 379.3 (c) (2)).

(d) A validated export license is not required for data contained in a patent application prepared wholly from foreign origin technical data where such application is being sent to the foreign inventor to be executed and returned to the United States for subsequent filing in the U.S. Patent and Trademarks Office (15 CFR 379.3(c)(1)).

(e) Inquiries concerning the export control regulation for the foreign filing of patent applications should be made to the Office of Export Administration.

<sup>1</sup>Albania, Bulgaria, China (Mainland) (including Inner Mongolia, the provinces of Tainghai and Sinkiang, Tibet, and Manchuria (includes the former Kwantung Leased Territory, the present Port Arthur Naval Base Area and Liaoning Province), but excluding Republic of China (Taiwan) (Formosa) and Outer Mongolian, Communist-controlled area of Vietnam, Cuba, Czechoslovakia, East Germany (Soviet Zone of Germany and the Soviet Sector of Berlin), Estonia, Hungary, Latvia, Lithuania, North Korea, Outer Mongolia, Poland (including Danzig), Rumania, Southern Rhodesia, and Union of Soviet Socialist Republics (15 CFR Part 370, Supplement No. 1).

<sup>2</sup>15 CFR 379.4 (a), (b), (1).  
<sup>3</sup>Belgium, Costa Rica, Denmark, Ecuador, Federal Republic of Germany, Finland, France, Honduras, Iceland, Jamaica, Japan, Luxembourg, Netherlands, Nicaragua, Norway, Panama, Portugal, Sweden, Trinidad, Turkey, Republic of South Africa, Namibia, Uruguay and Venezuela (15 CFR 379.3(c)(2)).

Bureau of Trade Regulation, Department of Commerce, Washington, D.C. 20230.  
(35 P.F. 6430, Apr. 22, 1970)

#### GENERAL

#### § 5.21 Effect of modification, rescission or license.

Any consent, rescission or license under the provisions of this part does not lessen the responsibilities of the principals in respect to any Government contract or the requirements of any other Government agency.

#### § 5.22 Papers in English language.

All papers submitted in connection with petitions must be in the English language, or be accompanied by an English translation and a translator's certificate as to the true, faithful and exact character of the translation.

#### § 5.23 Correspondence.

All correspondence in connection with this part, including petitions, should be addressed to Commissioner of Patents and Trademarks (Attention Licensing and Review), Washington, D.C. 20231."

Sec.

- 181. Secrecy of certain inventions and withholding of patent.
- 182. Abandonment of invention for unauthorized disclosure.
- 183. Right to compensation.
- 184. Filing of application in foreign country.
- 185. Patent barred for filing without license.
- 186. Penalty.
- 187. Nonapplicability to certain persons.
- 188. Rules and regulations, delegation of power.

#### § 181. Secrecy of certain inventions and withholding of patent

Whenever publication or disclosure by the grant of a patent on an invention in which the Government has a property interest might, in the opinion of the head of the interested Government agency, be detrimental to the national security, the Commissioner upon being so notified shall order that the invention be kept secret and shall withhold the grant of a patent therefor under the conditions set forth hereinafter.

Whenever the publication or disclosure of an invention by the granting of a patent, in which the Government does not have a property interest, might, in the opinion of the Commissioner, be detrimental to the national security, he shall make the application for patent in which such invention is disclosed available for inspection to the Atomic Energy Commission, the Secretary of Defense, and the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States.

Each individual to whom the application is disclosed shall sign a dated acknowledgment thereof, which acknowledgment shall be entered in the file of the application. If, in the opinion of the Atomic Energy Commission, the Secretary of a Defense Department, or the chief officer of another department or agency so designated, the publication or disclosure of the invention by the granting of a patent therefor would be detrimental to the national security, the Atomic Energy Commission, the Secretary of a Defense Department or such other chief officer shall notify the Commissioner and the Commissioner shall order that the invention be kept secret and shall withhold the grant of a patent for such period as the national interest requires, and notify the applicant thereof. Upon proper showing by the head of the department or agency who caused the secrecy order to be issued that the examination of the application might jeopardize the national interest, the Commissioner shall thereupon maintain the application in a sealed condition and notify the applicant thereof. The owner of an application which has been placed under a secrecy order shall have a right to appeal from the order to the Secretary of Commerce under rules prescribed by him.

An invention shall not be ordered kept secret and the grant of a patent withheld for a period of more than one year. The Commissioner shall renew the order at the end thereof, or at the end of any renewal period, for additional periods of one year upon notification by the head of the department or the chief officer of the agency who caused the order to be issued that an affirmative determination has been made that the national interest continues so to require. An order in effect, or issued, during a time when the United States is at war, shall remain in effect for the duration of hostilities and one year following cessation of hostilities. An order in effect, or issued, during a national emergency declared by the President shall remain in effect for the duration of the national emergency and six months thereafter. The Commissioner may rescind any order upon notification by the heads of the departments and the chief officers of the agencies who caused the order to be issued that the publication or disclosure of the invention is no longer deemed detrimental to the national security.

#### § 182. Abandonment of invention for unauthorized disclosure

The invention disclosed in an application for patent subject to an order made pursuant to section 181 of this title may be held abandoned upon its being established by the Commissioner that in violation of said order the invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor, his successors, assigns, or legal representatives, or anyone in privity with him or them, without the consent of the Commissioner. The abandonment shall be held to have occurred as of the time of violation. The consent of the Commissioner shall not be given without the concurrence of the heads of the departments and the chief officers of the agencies who caused the order to be issued. A holding of abandonment shall constitute forfeiture by the applicant, his successors, assigns, or legal representatives, or anyone in privity with him or them, of all claims against the United States based upon such invention.

#### § 183. Right to compensation

An applicant, his successors, assigns, or legal representatives, whose patent is withheld as herein provided, shall have the right, beginning at the date the applicant is notified that, except for such order, his application is otherwise in condition for allowance, or February 1, 1962, whichever is later, and ending six years after a patent is issued thereon, to apply to the head of any department or agency who caused the order to be issued for compensation for the damage caused by the order of secrecy and/or for the use of

Title 35 United States Code Sections 181-188

the invention by the Government, resulting from his disclosure. The right to compensation for use shall begin on the date of the first use of the invention by the Government. The head of the department or agency is authorized, upon the presentation of a claim, to enter into an agreement with the applicant, his successors, assigns, or legal representatives, in full settlement for the damage and/or use. This settlement agreement shall be conclusive for all purposes notwithstanding any other provision of law to the contrary. If the settlement of the claim cannot be effected, the head of the department or agency may award and pay to such applicant, his successors, assigns, or legal representatives, a sum not exceeding 10 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use. A claimant may bring suit against the United States in the Court of Claims or the District Court of the United States for the district in which such claimant is a resident for an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government. The owner of any patent issued upon an application that was subject to a secrecy order issued pursuant to section 181 of this title who did not apply for compensation as above provided, shall have the right, after the date of issuance of such patent, to bring suit in the Court of Claims for just compensation for the damage caused by reason of the order of secrecy and/or use by the Government of the invention resulting from his disclosure. The right to compensate for use shall begin on the date of the first use of the invention by the Government. In a suit under the provisions of this section the United States may avail itself of all defenses it may plead in an action under section 1406 of title 28. This section shall not confer a right of action on anyone of his successors, assigns, or legal representatives who, while in the full-time employment or service of the United States, discovered, invented, or developed the invention on which the claim is based.

#### § 184. Filing of application in foreign country

Except when authorized by a license obtained from the Commissioner a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

The term "application" when used in this chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

#### § 185. Patent barred for filing without license

Notwithstanding any other provisions of law any person, and his successors, assigns, or legal representatives, shall not receive a United States patent for an invention if that person, or his successors, assigns, or legal representatives, shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent or for the registration of a utility model, industrial design, or model in respect of the invention. A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid.

#### § 186. Penalty

Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to section 181 of this title, shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed the invention, or material information with respect thereto, or whoever, in violation of the provisions of section 184 of this title, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than two years, or both.

#### § 187. Nonapplicability to certain persons

The prohibitions and penalties of this chapter shall not apply to any officer or agent of the United States acting within the scope of his authority, nor to any person acting upon his written instructions or permission.

#### § 188. Rules and regulations, delegation of power

The Atomic Energy Commission, the Secretary of a defense department, the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States, and the Secretary of Commerce, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

U.S. Dept. of Comm. - Pat. & TM Office (rev. 10-78)

**§ 5.14 Petition for license; corresponding U.S. application.**

(a) Where there is a corresponding United States application on file the petition for license must identify this application by serial number, filing date, inventor, and title, and a copy of the material upon which the license is desired is not required. The subject matter licensed will be measured by the disclosure of the United States application. Where the title is not descriptive, and the subject matter is clearly of no interest from a security standpoint, time may be saved by a short statement in the petition as to the nature of the invention.

(b) Two or more United States applications should not be referred to in the same petition for license unless they are to be combined in the foreign or international application, in which event the petition should so state and the identification of each United States application should be in separate paragraphs.

(c) Where the application to be filed or transmitted abroad contains matter not disclosed in the United States application or applications, including the case where the combining of two or more United States applications introduces subject matter not disclosed in any of them, a copy of the application as it is to be filed in the foreign country or international application which is to be transmitted to a foreign international or national agency as it is to be filed in the Receiving Office must be furnished with the petition. If, however, all new matter in the foreign or international application to be filed is readily identifiable, the new matter may be submitted in detail and the remainder by reference to the pertinent United States application or applications.

**§ 5.15 Scope of license.**

(a) A license to file an application in a foreign country or transmit an international application to any foreign or international agency other than the United States Receiving Office, when granted, includes authority to forward all duplicate and formal papers to the foreign country or international agencies and to make amendments and take any action in the prosecution of the foreign or international application, provided subject matter additional to that covered by the license is not involved. In those cases in which no license is required to file the foreign application or transmit the international application, no license is required to file papers in connection with the prosecution of the foreign or international application not involving the disclosure of additional subject matter. Any paper filed abroad with an international agency following the filing of a foreign or international application which involves the disclosure of additional subject matter must be separately licensed in the same manner as a foreign or international application.

(b) Licenses separately granted in connection with two or more United States applications may be exercised by combining or dividing the disclosures, as desired, provided additional subject matter is not introduced.

(c) A license does not apply to acts done before the license was granted unless the petition specifically requests and describes the particular acts and the license is worded to apply to such acts.

FTO-103 (rev. 1-79)

SCREENING FORM



UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office

Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

SERIAL NUMBER	FILING DATE	GRF ART UNIT	FIL FEE REC'D	ATTORNEY DOCKET NO.	DRWSG	TOY CL	IND CL

Receipt is acknowledged of the patent application identified herein. It will be considered in its order and you will be notified as to the examination thereof. Be sure to give the U.S. SERIAL NUMBER, DATE OF FILING, NAME OF APPLICANT, and TITLE OF INVENTION when inquiring about this application. Fees transmitted by check or draft are subject to collection. Please verify the accuracy of the data presented on this transmittal.

Applicant(s)

<input type="checkbox"/>	SCREENED BY:									
DARCOM	NAVY	AF	CE	DOE	NASA	NSA	LOG	ISS	OTHER	_____





**U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office**

Address Only: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_  
Title \_\_\_\_\_

**PERMIT FOR PATENT APPLICATIONS CLASSIFIED BY GOVERNMENT CONTRACT**

This permit authorizes the principals, as designated in the secrecy order, to take any action with regard to the subject matter of the application, to the extent authorized by the security requirements of the Government contract which imposes the highest security classification on the subject matter of this application, except that this permit does not authorize the disclosure of any such subject matter through

- (1) the filing of any foreign application without specific permission of the Patent and Trademark Office or
- (2) the export of any item or data without any export license which may be required.

The declassification, in whole or in part, of any Government contract which imposes security classification on the subject matter of this application does not modify or invalidate the secrecy order. The requirements and the provisions of the secrecy order will be applied and will remain in effect until such time as a rescinding order thereof is received from the U.S. Commissioner of Patents and Trademarks.

Director, Special Laws  
Administration Group

FORM PTO-423  
(REV. 6-75)

**PERMIT FOR FOREIGN FILING**  
(35 USC 182)

U.S. DEPARTMENT OF COMMERCE  
PATENT AND TRADEMARK OFFICE

Permit Docket \_\_\_\_\_ Petition \_\_\_\_\_

U. S. Serial No. \_\_\_\_\_ Filed \_\_\_\_\_

Applicant: \_\_\_\_\_

Title: \_\_\_\_\_

FOR FILING IN \_\_\_\_\_

INITIATING AGENCY  
Address \_\_\_\_\_

The order of secrecy in the above identified application is modified to permit filing and prosecution of a corresponding application for patent in each of the above-identified countries on condition that:

- (1) the papers for each foreign application and its prosecution be transmitted in a manner approved for information assigned a military security classification of \_\_\_\_\_ to the Initiating Agency for forwarding for filing in the foreign country; (Questions with respect to the handling of such information should be directed to the Initiating Agency).
- (2) at the time the papers for the foreign application are transmitted to the Initiating Agency for forwarding for initial filing in the foreign country, an extra copy of the application be included, this extra copy to be transmitted by Initiating Agency to the authorities of the foreign government for defense purposes;
- (3) the applicant submit to the Initiating Agency as soon as possible the Serial Number and filing date of the foreign application;
- (4) the applicant take all reasonable steps to safeguard the information in the foreign application, including soliciting an order of secrecy in said foreign country and, if necessary, abandoning said application and, if required by the laws of the country concerned, assigning in trust the invention to the government of said country.
- (5) a disclosure of the information in the foreign application, if required in the exercise of this permit, be made only to individuals or concerns cleared for access to information assigned a classification as stated above by an agency of the U.S. Department of Defense or Department of Commerce or, if in an above identified country, adequately cleared by a defense agency of said country; and to each one to whom such disclosure is made be notified of the order of secrecy and the penalties for unauthorized disclosure; and
- (6) upon request by the U.S. Government, such information relating to the above identified application as may be necessary for its proper evaluation for defense purposes be made available to the government of the foreign country for purposes of defense.

The use of this permit shall constitute a waiver, if such waiver is required by an agreement between the United States and the foreign country, by the applicant of any right to compensation for damage which might arise under the laws of the foreign country by virtue of the mere imposition of secrecy on his invention in the foreign country, but reserving any right of action for compensation provided by the laws of the foreign country for use by the government of the foreign country of the invention disclosed by the application or for unauthorized disclosure of the invention within the foreign country.

This permit does not lessen the responsibility of the applicant to comply with the provisions of any applicable government contract which may require that approval to disclose information abroad be obtained from the contracting officer.

This permit may be altered or revoked, in whole or in part, by appropriate notice.

Director,  
Special Laws  
Administration Group



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Patent and Trademark Office**

Address : COMMISSIONER OF PATENTS AND TRADEMARKS  
 Washington, D.C. 20231

Re:

Papers in the file of this application bear thereon security classification markings under Executive Order 10,501, dated December 15, 1953.

Such markings preclude normal prosecution of applications and would, of course, make it a violation of the Espionage Act to publish, or for an applicant to permit publishing of, the classified subject matter as for example by the grant of a patent or by appeal to a court.

Applicant is therefore requested to determine from the agency which originally authorized such markings, whether the subject matter requires security markings at this time; and to instruct this Office accordingly, either by directing cancellation of the markings or by identifying the classifying authority which requires their retention.

Sincerely yours,

Security Group, Licensing and Review



**U.S. DEPARTMENT OF COMMERCE**  
**Patent and Trademark Office**

Address : COMMISSIONER OF PATENTS AND TRADEMARKS  
 Washington, D.C. 20231

In Reply Please Refer To The Following:		
EXAMINER'S NAME		
GR. ART UNIT	FILING DATE	SERIAL NO.
APPLICANT		INVENTION

Paper No.

Mailed

This is a communication from the Examiner in charge of your application.

Commissioner of Patents and Trademarks

**NOTICE OF ALLOWABILITY (FORM D-10)**

This application is now in condition for allowance, and the prosecution is closed. However, in view of the secrecy order issued \_\_\_\_\_, under 35 U.S.C. (1952) 181, this application will be withheld from issue during such period as the national interest requires.

The allowable claims are:

EXAMINER

For patent applications containing security classification markings, use only form with letter C as first letter of form.

FIRST  
LETTER

C = Classified Case

For patent applications containing no security classification markings, use only form with letter U as first letter of form.

U = Unclassified Case

For applications where secrecy order was issued on/before September 14, 1978, use only form with letter N as second letter of form.

SECOND  
LETTER

N = National Emergency

For applications where secrecy order was issued on/after September 15, 1978, use only form with letter P as second letter of form.

P = Peacetime

For applications where renewal notice was filed by Department of Defense (ASPA), use only form with letter D as third letter of form.

THIRD  
LETTER

D = Defense

For applications where renewal notice was filed by Department of Energy (DOE), use only form with letter E as third letter of form.

E = Energy

For applications where renewal notice was filed by Agencies other than DOD or DOE, use only form with letter O as third letter of form.

O = Other Agency

Serial No.	Filed
Applicant	Date of Issuance of Renewal
Title	

RENEWAL OF SECRECY ORDER  
(Title 35, United States Code (1952), Sections 181-188)

NOTICE: To the applicant(s), heirs of applicant(s), and any and all assignees, attorneys and agents, the designated principals.

Your application as above-identified has been under a secrecy order issued or in effect during a national emergency. With the termination of the national emergency on 14 September 1978, the pending secrecy order would expire on 14 March 1979, under the provisions of Title 35 U.S.C. 181.

The Armed Service Patent Advisory Board, Department of Defense (DOD), has notified the Commissioner of Patents and Trademarks that an affirmative determination has been made by a DOD agency, identified below, that the national interest requires renewal of the secrecy order. The secrecy order is, therefore, renewed, effective for a period of \_\_\_\_\_ from the date of this renewal notice.

The secrecy order may be renewed for additional periods of not more than one year upon notice by a government agency that the national interest so requires.

DOD AGENCY:

Director,  
Special Laws Administration

Attachment: List of Principals



Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_ Date of Issuance of Renewal \_\_\_\_\_

RENEWAL OF SECRECY ORDER  
(Title 35, United States Code (1952), Sections 181-188)

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If you believe that certain existing facts or circumstances would render renewal of the secrecy order ineffectual, you may petition to rescind the order. Similarly, you may petition for a permit to disclose or modify the secrecy order stating fully the reason or purpose for disclosure or modification. Such a petition must comply with the requirements of 37 C.F.R. 5.4 or 5.5. It should be addressed to the Commissioner, Patent and Trademark Office, Attention: Licensing and Review, Washington, D.C. 20231.

Further appeal, if necessary, may be taken to the Secretary of the Department of Commerce under the provisions of 37 C.F.R. 5.8.

Renewal of this order should not be construed in any way to mean that the Government has adopted or contemplates adoption of the alleged invention disclosed in this application; nor is it any indication of the value of such invention.

A copy of Chapter 17, 35 U. S. Code, and Part 5 of 37 Code of Federal Regulations is enclosed for your information.

Under the provisions of 35 U.S.C. 181 the secrecy order will remain in effect for \_\_\_\_\_ from the date of this renewal notice.

The secrecy order may be renewed for additional periods of not more than one year upon notice by a government agency that the national interest so requires. You will be notified of any such renewals.

Please feel free to contact me if you have any questions.

Director, Special Laws Administration  
U.S. Patent and Trademark Office  
Washington, D.C. 20231  
Tel.: 703-557-2877

Attachments: Chapter 17, 35 U. S. Code; 37 C.F.R. & List of Principals

DOD AGENCY:

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_ Date of Issuance of Renewal \_\_\_\_\_  
Title \_\_\_\_\_

RENEWAL OF SECRECY ORDER  
(Title 35, United States Code (1952), Sections 181-188)

NOTICE: To the applicant(s), heirs of applicant(s), and any and all assignees, attorneys and agents, the designated principals.

A secrecy order issued in this application on \_\_\_\_\_.

The Commissioner of Patent and Trademark Office has been notified by the Department of Energy (DOE), address below, that an affirmative determination has been made that the national interest requires renewal of the secrecy order for an additional period of \_\_\_\_\_ . Any questions you may have concerning this determination should be directed to the Department of Energy.

If you believe that certain existing facts or circumstances would render renewal of the secrecy order ineffectual, you may petition to rescind the order. Similarly, you may petition for a permit to disclose or modify the secrecy order stating fully the reason or purpose for disclosure or modification. Such a petition must comply with the requirements of 37 C.F.R. 5.4 or 5.5. It should be addressed to the Commissioner, Patent and Trademark Office, Attention: Licensing and Review, Washington, D.C. 20231.

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U. S. Patent and Trademark Office  
Washington, D.C. 20231  
Tel.: 703-557-2877

Attachments: Chapter 17, 35 U. S. Code; 37 C.F.R. & List of Principals

DOE ADDRESS: Department of Energy  
Office of the Assistant General Counsel for Patents  
Mail Station: Century XXI, Room A2-3018  
Washington, D.C. 20545  
Attn.: Anthony Campana - Tel.: 301-353-5257



**UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_ Date of Issuance of Renewal \_\_\_\_\_  
Title \_\_\_\_\_

**RENEWAL OF SECRECY ORDER**  
(Title 35, United States Code (1952), Sections 181-188)

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The Department of Energy (DOE), address below, has notified the Commissioner of Patents and Trademarks that an affirmative determination has been made that the national interest requires renewal of the secrecy order. DOE has requested that the secrecy order be renewed for a period of \_\_\_\_\_. Any questions you may have concerning this determination should be directed to the Department of Energy.

If you believe that certain existing facts or circumstances would render renewal of the secrecy order ineffectual, you may petition to rescind the order. Similarly, you may petition for a permit to disclose or modify the secrecy order stating fully the reason or purpose for disclosure of modification. Such a petition must comply with the requirements of 37 CFR 5.4 or 5.5. It should be addressed to the Commissioner, Patent and Trademark Office, Attention: Licensing and Review, Washington, D.C. 20231.

Further appeal, if necessary, may be taken to the Secretary of the Department of Commerce under the provisions of 37 CFR 5.8.

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U. S. Patent and Trademark Office  
Washington, D.C. 20231  
Tel.: 703-557-2877

Attachments: Chapter 17, 35 U. S. Code; 37 CFR & List of Principals

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Office of the Assistant General Counsel for Patents  
Mail Station: Century XXI, Room A2-3018  
Washington, D.C. 20545  
Attn.: Anthony Campana - Tel.: 301-353-5257

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_ Date of Issuance of Renewal \_\_\_\_\_  
Title \_\_\_\_\_

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(Title 35, United States Code (1952), Sections 181-188)

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Director, Special Laws Administration  
U. S. Patent and Trademark Office  
Washington, D.C. 20231  
Tel.: 703-557-2877

Attachments: Chapter 17, 35 U. S. Code; 37 C.F.R. & List of Principals

GOVERNMENT AGENCY:



UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office  
Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

Serial No. \_\_\_\_\_ Filed \_\_\_\_\_  
Applicant \_\_\_\_\_ Date of Issuance of Renewal \_\_\_\_\_  
Title \_\_\_\_\_

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GOVERNMENT AGENCY:

Mr. PREYER. Mr. Kindness, do you have a statement you would like to make about the hearings?

Mr. KINDNESS. Thank you, Mr. Chairman.

The use of a patent secrecy order to restrain the distribution of information that may effect national security and which is the subject of a patent application raises several difficult questions.

From a private inventor's viewpoint the issues before us this morning include concerns about due process of law, freedom of speech, and just compensation for Government exercise of its power of eminent domain. The fundamental nature of the constitutionally protected individual rights involved in the patent secrecy order process make this subject particularly important for review by this subcommittee.

I suspect we will learn that the individual rights to be protected when a secrecy order is issued must be balanced against the valid exercise of the Government's police power. Nonetheless, as we examine the invention secrecy process we should determine whether those who apply for patents on inventions which effect our Nation's security are receiving fair treatment.

Today's hearing is part of a broader inquiry into the Government's power to classify, restrict, or assert ownership rights over privately generated information. I am confident that this investigation will be both interesting and worthwhile.

There are several policy questions that need to be examined in this area. I am looking forward to pursuing the issues.

I would like, with that short comment, to yield back, Mr. Chairman.

Mr. PREYER. Thank you. Mr. Tegtmeier, under the ordinary principles of equity that have evolved in our court system over the years, it is viewed as a requirement that the remedy sought will effectively forestall the injury. In that connection, how effective have the secrecy orders been in insuring that no one learns of the process or project developed? In short, how successful has it been in denying technology to our enemies?

Mr. TEGTMEYER. Mr. Chairman, I think that the various defense agencies would probably be in a better position to answer that particular question than we are.

Within the Patent and Trademark Office, we feel that our procedures certainly, in terms of maintaining the security of applications where secrecy orders are imposed, do prevent dissemination of information relating to national security and subject to a secrecy order in any unauthorized way. In terms of the remainder of the answer to your questions, I think the defense agencies would be in a better position to indicate the effectiveness of the overall scheme in protecting national security under these provision of the Patent Act.

Mr. PREYER. Let me ask you about another effect of secrecy orders. The kind of secrecy orders that you are putting into effect undoubtedly effects devices that are on the cutting edge of technological advancement. That makes me ask: What has been the impact of the development of processes and products that are innovative? What effect have secrecy orders had on the development of ideas by the technological community? Can you make any sort of estimate of that?

Mr. TEGTMEYER. I think, Mr. Chairman, we have seen very little evidence that the imposition of secrecy orders in any way inhibits the development of new technology, as you put it, at the cutting edge of high technology development. There are very few, as I pointed out, secrecy orders issued each year, only a couple of hundred. Most of them relate to work done for the Government, by the Government directly, or by a contractor working for the Government, and related to very specific national security related programs within the Government.

Very few come from outside control of the Government, so to speak, developed by private sources. Accordingly, I think the effect, based on the statistics, would be very small on the development of new technology.

Mr. PREYER. Do you have any estimate of what proportion are developed by the Government and what proportion are developed outside of the Government?

Mr. TEGTMEYER. As I indicated before, of the 243 secrecy orders we imposed last year, about 200 of them came in classified and were accordingly developed by the Government agencies or by a contractor under contract to Government agencies. The remaining 43 came from outside that arena, presumably in most cases from the private sector independent of the Government.

Mr. PREYER. Can you give us a rough estimate of the total market value of the processes and products that are currently under secrecy order? I know it is very hard to estimate the market value when there is no market, but can you make some rough ballpark guess as to the total value of those products currently under secrecy orders?

Mr. TEGTMEYER. No, sir. I cannot give you such a figure. It would be extremely difficult to get even a wild guess that would be at all meaningful.

Mr. PREYER. Could you not guess within \$1 billion of what they would be worth, or in the millions of dollars, or hundreds of thousands of dollars?

Mr. TEGTMEYER. No, sir. I cannot. In fact, in the case of patents that issue without involving any national security information, it would be very difficult unless there is some specific occurrence that would make available such information, such as litigation that can bring out information about the value of the patent in that case—

Mr. PREYER. That might be one way we could measure it. Since the statute provides for just compensation to the inventor whose device is covered by a secrecy order, could you tell us or get for us what the total amount of compensation provided for in this section of the statute has been to inventors since 1945?

Mr. TEGTMEYER. There have been a total of 29 administrative claims that we are aware of for compensation that have been filed since 1949 with the Defense Department. I cannot give you a total of dollars that were claimed in the claims. However, I might mention that of these 29 claims, 5 are the subjects of pending litigation, 3 were settled by the Defense Department before litigation; 5 were settled during litigation; and I might mention 4 of those 5 were favorable to the claimant; and 1 was the subject of a private relief

bill. Another 10 were terminated by denial, and the remainder are still pending within the Defense Department.

Mr. PREYER. In other words, in your testimony only eight claims have been paid by the Government since 1945.

Are you saying that, as a practical matter, an inventor has to go to court before he can receive just compensation?

Mr. TEGTMEYER. No, sir. He can file an administrative claim with the defense agencies for this purpose if he desires to take that particular route, and he can take it to the Court of Claims if he is not satisfied with the results he gets from the administrative claim.

Mr. PREYER. How does the Patent Office or the agency responsible for imposing the secrecy order calculate the market value of an invention that has never been marketed?

Mr. TEGTMEYER. In most of these cases I believe the applicant who has had a secrecy order imposed is, in effect, claiming the infringement of that patent by the Government, although that is not necessarily the case of all of them, but that is one of the main ingredients of many administrative claims.

Therefore, there would be a determinable compensation level in those cases.

Mr. PREYER. How do you compensate, say for a year or more the man's invention is tied up, in proceedings that occur before the litigation stage? How do you compensate for the dead period?

Mr. TEGTMEYER. The party submitting the claim may, of course, obtain compensation beginning at the time that both the secrecy order is imposed and his application has been indicated allowable.

Mr. PREYER. It is a tough proposition to figure market value without a market, I must say.

Let me yield at this time to Mr. Weiss, who I believe was first here.

Mr. WEISS. Thank you, Mr. Chairman.

Can you tell us how many administrative claims have been filed since 1945?

Mr. TEGTMEYER. The number, to my knowledge, is approximately 29 administrative claims.

Mr. WEISS. How many of those were granted?

Mr. TEGTMEYER. I believe there were approximately eight that were settled favorably, seven or eight, to the claimant.

Mr. WEISS. Was that without the necessity of going to court?

Mr. TEGTMEYER. Many of those were without the necessity of going to court. I believe all those were. They went through the administrative claim process.

Mr. WEISS. You state on page 3 that—

Mr. TEGTMEYER. Excuse me, sir. May I correct that?

Mr. WEISS. Go ahead.

Mr. TEGTMEYER. I mentioned all of them, but five of them were settled during litigation. Pardon me. Five of the eight were settled during litigation, four of them favorable to the claimant, so they were in litigation. There were three others that were settled by the Defense Department before litigation began.

Mr. WEISS. I see. Do you have a dollar value on any or all of those?

Mr. TEGTMEYER. No, sir. I do not. I think the defense agencies could probably supply that data.

Mr. WEISS. When you mention defense agencies, how many defense agencies are you talking about?

Mr. TEGTMEYER. We are talking about the Department of Defense in general, and any of the agencies under them are included in that category—Department of the Air Force, NSA, Department of the Navy, depending upon how you want to break it down.

Mr. WEISS. You indicate on page 3 that your Office reviews the patent applications against the applicable categories in national security technology, and those are provided by the defense agencies to you. Is that list available to the public?

Mr. TEGTMEYER. Not all the lists supplied to us are available to the public at large. The lists supplied by the Department of Energy and the Department of Defense are not.

Mr. WEISS. In other words, someone who submits a patent application to your Office would not have any way of knowing that the likelihood would be that his application would end up on the list. Is that correct?

Mr. TEGTMEYER. They might have a good guess in many cases, but not in all cases.

Mr. WEISS. Suppose someone, without going to the extent of filing the patent application, decided to introduce the findings in an oral presentation to an annual professional convention or society of engineers. Under your regulations, would you refer such a case to the Justice Department if: one, the patent application has been filed; or two, there has been no patent application filed but somebody describes a process before a professional organization. Do you take any role in either of those situations?

Mr. TEGTMEYER. Will you repeat the question?

Mr. WEISS. Yes.

Mr. TEGTMEYER. You mentioned the Department of Justice.

Mr. WEISS. Suppose an inventor, in one instance, files a patent application with you and the matter ends up on the list to be marked secret, and that inventor then goes before a professional organization of engineers or inventors at a convention and makes an oral presentation on the subject matter of his invention. What do you do? Has such a circumstance ever arisen to your knowledge? What would be your procedure in the event of that kind of violation, in essence, of your rules? Would you refer it to the Justice Department? That is really the question.

Mr. TEGTMEYER. You mean, if there has been a violation of a secrecy order, would we refer that case to the Department of Justice?

Mr. WEISS. Right. Suppose there are no technical drawings presented, but the inventor, having filed the patent application, then appears before the national society of professional engineers and gives an oral presentation, without diagrams, without pictures, but says this is what I have done. Here is my latest invention.

He may not even mention that he has a patent pending or a patent application that he has filed. What do you do in that instance?

Mr. TEGTMEYER. If he has a secrecy order imposed on his patent application and he is disclosing matter which is in the patent application and which is prohibited from disclosure by the secrecy

order, then that would be a violation of the statute and we would normally consider referring that to the Department of Justice.

Mr. WEISS. Has that ever occurred?

Mr. TEGTMEYER. No, not to my knowledge.

Mr. WEISS. All right. The other question is: Suppose there is no patent application filed by the inventor. The inventor goes before a society or convention and makes a full oral presentation. Had he, in fact, filed the patent application, it would have been subject to a secrecy order. In fact, the secrecy order probably would have been issued.

Do you take any kind of action in that situation?

Mr. TEGTMEYER. No, sir. There has been no violation of a secrecy order. In many situations like the one you mentioned there has been a publication ahead of time, particularly in the case of a written publication, it would be less likely that a secrecy order would be imposed.

Mr. WEISS. Today is not the time to get into the subject of some of the more recent court cases, but I think there may be some interesting variations—

Mr. TEGTMEYER. I am assuming, sir, that there was no classification imposed by any of the defense agencies if the Government had a proprietary interest in the invention ahead of time.

Mr. WEISS. Right.

You state on page 4 that the ultimate decision concerning the issuance of an order on an application must and does lie with the concerned defense agency. Is that a statutory requirement or is that one of administrative convenience?

Mr. TEGTMEYER. No, the statute specifically provides that the Commissioner of Patents and Trademarks shall issue a secrecy order upon request from a defense agency.

Mr. WEISS. Your responsibility is strictly ministerial?

Mr. TEGTMEYER. In the actual issuance of a secrecy order, we consider our role ministerial. In terms of screening, of course, we do more than a purely ministerial act when we initially screen according to a category list, but the imposition of a secrecy order we consider a ministerial act.

Mr. WEISS. Suppose there is a conflict between two agencies concerning whether or not a secrecy order should issue. Suppose the invention has been financed through a National Science Foundation grant and the NSF regulations require that all such projects must publish their results. The NSA, however, says that a secrecy order should be imposed. Who decides that matter, the Patent Office or the National Security Agency?

Mr. TEGTMEYER. If we get a request from the National Security Agency that a secrecy order be imposed, we will impose it, although as I mentioned before if we see any reason that is obvious to us to question whether a secrecy order should be imposed, we do raise the question. As I also mentioned, we have had some success in having a number of secrecy orders rescinded on the initiative of the Patent and Trademark Office without the applicant having to file a petition for rescission.

Mr. WEISS. Whatever advice you give them or whatever dispute or disagreement you may have with the defense agency, it is really still their ultimate decision. If they tell you:

Never mind. We appreciate your concern and the information that you have given us, but as far as we are concerned, we, the defense agency, we want the secrecy order issued.

That is it. That is the last word. Is that correct?

Mr. TEGTMEYER. That is normally a matter that is considered between the defense agency and the other interested party. It does not normally involve the Patent and Trademark Office.

Of course, there are procedures wherein if a party wants to petition for rescission of a secrecy order, they may carry an appeal to the Secretary of Commerce, which does get the Secretary of Commerce involved in the rescission of a secrecy order, although not in its original imposition, other than in the ministerial way that I mentioned.

Mr. WEISS. You have indicated that you often do some screening in advance and find that the defense agency may not have been aware of the fact that something has already been published and is a matter of public record, and that in some instances when you have called that to their attention they adhere to your suggestion and change their minds.

Mr. TEGTMEYER. That is correct.

Mr. WEISS. Can you tell us whether the occasions on which the secrecy orders are issued relate to extensions for prior developments or are they more frequently new inventions coming at you for the first time? Do you have any way of breaking that down?

Mr. TEGTMEYER. That is a rather fine line for anyone to draw and depends upon a very detailed definition to draw it. I do not have any feel for it. I do not know if my associate, Mr. Quarforth, has it—

Mr. WEISS. Right. I am trying to find out whether some original thought is being circumscribed in its publication and development, or whether for the most part secrecy orders issue on something that has already been marked as classified.

Mr. TEGTMEYER. By definition, of course, you cannot obtain a patent unless you have something that is new and unobvious. Therefore, there is a definite advance in the technology if you are going to receive a patent. Accordingly, in all of those cases where a secrecy order is imposed and the application is found to contain patentable subject matter, you are dealing with a situation where there is an advance in technology.

The line I assumed you were asking me to draw was the line between what you might call a breakthrough of a totally new area of technology versus a building upon an existing technological base. That, I just do not have a feel for.

Mr. WEISS. Right, Thank you.

Thank you, Mr. Chairman.

Mr. PREYER. Mr. Kindness?

Mr. KINDNESS. Thank you, Mr. Chairman.

Concerning the figure you gave of 200 secrecy orders, I believe you mentioned a little while ago that the volume was per year, as I understood it. Is that correct?

Mr. TEGTMEYER. That was last year. That is correct. It was roughly the same number in recent years.

Mr. KINDNESS. It is difficult to relate this, I suppose, because of the nonreview situation that existed up until last March, but can you project what kind of a volume you would have if things contin-

ue as they have been with secrecy orders? There was some review process in the years between 1950 and 1979, but it was not the kind of annual review of secrecy orders that would be normal for peacetime.

I am testifying the figure of 200 to see how representative it may be. I am wondering whether, with reviews, you would tend to have a building number of cases of secrecy orders, based on past experience, or would you have a fairly stable number.

Mr. TEGTMEYER. There are two categories of review we are talking about. The first one in which a new secrecy order is being imposed for the first time. That is the figure of 243, of which 200 were the governmental proprietary interest type. Then there is an annual review of those secrecy orders that have previously been imposed. The number, based on the annual review done last year, was a total of 3,300 that were renewed for another 1-year period. They were imposed some years past.

Mr. KINDNESS. Is it fair to state that because of the long period in which annual reviews were absent that they were not weeded out as much as the first time around as you would expect them to be under normal conditions?

Mr. TEGTMEYER. Yes, sir. There were several hundred that were weeded out last year. Secrecy orders were not renewed or extended on them.

Mr. KINDNESS. How many personnel people are involved in administering this program, if you can approximate?

Mr. PREYER. Will the gentleman yield for a moment?

Mr. KINDNESS. Yes.

Mr. PREYER. I wonder if you can tell us how old some of these orders are?

Mr. TEGTMEYER. We have some that go back 20 or 30 years.

Mr. PREYER. Thank you, sir.

Mr. KINDNESS. To take that point further, I take it you would anticipate that annual reviews occurring hereafter would probably cause some of those older ones to be looked at very closely by the defense agencies involved.

What is a defense agency's role in the review of secrecy order cases?

Mr. TEGTMEYER. The defense agencies are the one that conduct the reviews. Again, our function of renewing them or rescinding them, absent a request from the applicant or a petition from the applicant, is ministerial.

I might mention that in 1974 the Office and the defense agencies undertook what you might call a campaign or an effort to look closely at those secrecy orders that were over 12 years old. A number of them were weeded out over a several year period as a result of that effort. That was before the time when the annual review of secrecy orders came about at the beginning of 1978.

Mr. KINDNESS. Are some of those older secrecy orders applied to inventions or developments that were not the result of Government funds?

Mr. TEGTMEYER. I do not know the answer to that question, sir.

Mr. KINDNESS. The defense agencies communicate their decisions on their review in some formalized manner, I imagine. Is that a very formalized procedure, or is it just a letter?

Mr. TEGTMEYER. We get a letter from them asking that the secrecy order be renewed.

Mr. KINDNESS. The renewal is purely ministerial on your part. You do not do anything like saying, "Now, wait a minute, do you really think this is necessary?"

Mr. TEGTMEYER. We do not unless we know of something, such as a publication in the interim, that would raise such a question. We are not in a position to evaluate the nature of the security-related question involved, but we do from time to time indicate the fact that the subject matter has been published. I do not know of any cases where we have noted that where there has been a violation of the secrecy order. It could have been published by someone not aware of the secrecy order who independently obtained or developed the same process or invention.

Mr. KINDNESS. When a secrecy order is issued, I take it that the content is fairly standard but it might vary from one to another. How is that brought about?

I suppose something in writing is supplied to the applicant to inform the applicant that there is a secrecy order.

Mr. TEGTMEYER. Yes. We have a form that is included in the attachments to the testimony here. That is a standard form which applies to secrecy orders.

There can also be issued some variation in permits in terms of what kinds of disclosure can be made by the applicant even though the application is subject to the secrecy order. There are from-time-to-time situations in which a limited disclosure to certain specific individuals would be warranted, and we do provide permits to allow such disclosures.

Mr. KINDNESS. Approximately how many people are involved in administering these matters? Is it a fairly time consuming matter, or is it restricted to a fairly small number of people who deal with them?

Mr. TEGTMEYER. We have a number of patent examiners who do the screening work. As I mentioned before, they also do the examinations of those applications on which secrecy orders have been imposed as well as on a number of applications on which no secrecy orders have been imposed. The division of their work would be in the neighborhood of 2 to 3 staff years of their time devoted to screening procedures. The remainder would be devoted to normal examining activities in connections with those same applications and other applications.

We also have, in the Licensing and Review Branch, which is not responsible for the examining or that particular screening procedure but for clerical and other processing activities, around 10 staff years' worth of effort.

Mr. KINDNESS. I am sorry. I do not understand the term "staff years."

Mr. TEGTMEYER. That is the number of people we have involved in that activity on an annual basis.

That same staff, I might say, also handles the licenses for foreign filing and certain other related and unrelated activities as well. The bulk of their work involves secrecy orders and foreign filing licenses, but not all of it.

Mr. KINDNESS. Thank you very much.

I yield back the time.

Mr. PREYER. Thank you.

Mr. Erlenborn?

Mr. ERLBORN. Thank you, Mr. Chairman.

Let me first say I was not here during your original testimony and I was therefore reading your testimony and some of the other matters in the file. If I ask questions that have already been asked, I apologize in advance.

If a secrecy order is imposed on one of these applications, is that prima facie proof that the application for the patent ought to be granted? In other words, if something is not in the public domain and is new except it may infringe on a patent that is subject to another secrecy order, will the secrecy order be imposed on that patent?

Mr. TEGTMEYER. No, sir. The secrecy order does not mean that the subject matter is automatically patentable. The secrecy order is imposed early. That is, it is normally imposed soon after the filing of the application. Normally the examination is not begun or has just begun in those cases with a few rare exceptions where a secrecy order is imposed later in the prosecution of the application.

Mr. ERLBORN. Can we assume that there is a secrecy order imposed and therefore that the information is not in the public domain?

Mr. TEGTMEYER. Do you mean, can we assume that in some legal fashion—no, sir. The probabilities are high that it is not in the public domain but it is possible that it could be.

Mr. ERLBORN. Do you want to keep secret something that is already in the public domain?

Mr. TEGTMEYER. No, but you may not know the fact that it is already in the public domain.

Mr. ERLBORN. What you are saying is that you have not gone through the process to make that determination.

Mr. TEGTMEYER. That is correct, sir. It may also be that, depending upon what you mean by in the public domain, may be on the fringes of the public domain and may be known by very few people. That would still warrant the imposition of a secrecy order, because there is such limited access to it for one reason or another.

Mr. ERLBORN. When a secrecy order is lifted, is the applicant then free to proceed with the process of obtaining his patent?

Mr. TEGTMEYER. Yes. Most of the process, unless the secrecy order is lifted shortly after it has been imposed, would have been completed by that time unless there is an appeal pending in a case. For the most part, if a secrecy order is in effect for several years before it is lifted or rescinded, the application will either become abandoned because the examiner determined it is not patentable, or it is in the appeal process awaiting hearing, or it has been determined to be allowable and the only thing that needs to be done is to go ahead with the issuance process, namely, the formal notice of allowance, payment of issue fees, and the printing process.

Mr. ERLBORN. Would you issue a patent during the pendency of a secrecy order?

Mr. TEGTMEYER. No, sir. We would not.

Mr. ERLBORN. Suppose the application is valid; the whole process has been completed; the patent is issuable, but because of the

secrecy order it is not issued. When the secrecy order is lifted, would the patent then be issued?

Mr. TEGTMEYER. Assuming it was ready for issue before the issuance of the secrecy order, it would.

Mr. ERLBORN. Would that then begin the running of the 17 years? Or, would the 17 years begin to run from the time of filing of the application?

Mr. TEGTMEYER. It would begin the running of the 17 years.

Mr. ERLBORN. So that with the lifting of the secrecy order and the issuance of a patent, the inventor has the same rights for the same period of time that anyone else would have.

Would compensation sought from the Government be for the use of the invention before the patent was issued?

Mr. TEGTMEYER. Yes. Of course, in the case of any patent where the Government may be infringing, you can sue through the Court of Claims on procedures other than those specified in this area of the patent statute.

Mr. ERLBORN. Thank you very much.

Thank you, Mr. Chairman.

Mr. PREYER. Thank you.

Mr. EVANS?

Mr. EVANS. I have no questions at this time, Mr. Chairman.

Mr. PREYER. Let me ask one question along the paths we have been exploring. The CIA is not listed under the act as a defense agency. What is the rule of the CIA in viewing these matters? Should the act be amended to list the CIA as a defense agency when they have an interest in these matters?

Mr. TEGTMEYER. I think that is a question that could be better asked of the CIA. We are not in a position to answer the question. I am sorry.

Mr. PREYER. Is it that you are not answering the question because you do not know?

Mr. TEGTMEYER. That is correct.

Mr. PREYER. It is not because it is a classified answer.

Mr. TEGTMEYER. I am answering because I do not know. I do not know if it would be classified if I did know.

Mr. PREYER. All right.

We know, as you have outlined, that the defense agencies review the applications for possible issuance of a secrecy order. Is the general review conducted by procurement officers for the agencies or by personnel on the operation side, who might be in a position to recommend procurement of weapons systems or defense-related items?

Mr. TEGTMEYER. In the broad category you are talking about the people who would normally be on the operating end in the security areas of the defense agencies. That would probably vary in just what areas of each defense agency would deal with the matter.

They must sign an acknowledgement. Everybody in a defense agency who has access to a patent application must sign an acknowledgement that they have had access, and their access must be limited to the purposes specified in sections 181 to 188, that is, for national security purposes and not for any other purposes.

Mr. PREYER. These might be people in research and development, for example. Might they not?

Mr. TEGTMEYER. It might be from the security people in research and development.

Mr. PREYER. The question is whether there is not a temptation presented that once having determined that an invention has military value, a defense official or midlevel employee might decide to initiate a procurement bid for production of it or a similar invention.

In other words, once having been given the idea in a review of the patent application, it would be hard to ignore its possible military advantage. Are there cases that have been brought to your attention of unauthorized use of inventions through a secrecy order?

Mr. TEGTMEYER. I do not and Mr. Quarforth does not know of any such situations where there has been a specific allegation of violation of the secrecy order in that respect.

Mr. PREYER. Has the Patent Office reviewed the defense agencies' handling of these patent applications and the security provided for them recently?

Mr. TEGTMEYER. By review, do you mean, have we gone and conducted any kind of investigation? No, sir. We do keep control of the signing of acknowledgements of access. We do want to know who is involved in the review and screening process, and we do have procedures such that when we provide a copy of the application to the defense agencies, they are designed to insure that the access is for the purposes of these sections of the patent statute rather than for other purposes.

Mr. PREYER. Thank you.

Are there any further questions?

Mr. WEISS?

Mr. WEISS. Mr. Chairman, I have some fairly fundamental questions that were prepared by the staff that I would like to pose to the witness. They are in the area of due process. Please correct me if any of the facts that I state are incorrect.

It is our understanding that the form used for issuance of the secrecy order does not identify the agency requesting it. Is that right?

Mr. TEGTMEYER. At the present time it does not.

Mr. WEISS. Your regulations require an applicant to petition the requesting agency for rescission of the secrecy order before pursuing his statutory right to appeal the order to the Secretary of Commerce. Is that right?

Mr. TEGTMEYER. Yes, sir. That is right in instances where the petition is filed with the Commissioner.

Mr. WEISS. Your regulations further prescribe that an application which nears final rejection cannot be abandoned. Is that correct?

Mr. TEGTMEYER. Nears final rejection may not be abandoned?

Mr. WEISS. Right. Can a person who has filed an application for a patent decide to withdraw that application when it appears close to being rejected?

Mr. TEGTMEYER. They can abandon the application at any stage.

Mr. WEISS. Alright.

We understand that the applicant must appeal the rejection. There are stages of rejection. Is that right?

Mr. TEGTMEYER. Yes, sir. There is a first rejection and normally a second rejection which, if it is still a rejection, is made final in most cases. In some cases it goes to a third rejection.

If it has been final or has been twice rejected the party may appeal it. If there is a final rejection, he must appeal the case within a certain time or it does become abandoned automatically.

Mr. WEISS. Are you saying that at any time before the final rejection has been granted the applicant can say, "I do not want to play anymore. Give me back my application and forget it."

Mr. TEGTMEYER. At any stage the applicant may abandon the application either by filing a specific request that it be abandoned or by not responding timely as required under the statutes and rules. However, the application file is kept in the Office, if that was the import of your question. It is not returned to the applicant.

We maintain all abandoned files whether a secrecy order has been imposed or not in our own archives.

Mr. WEISS. That is what I am leading up to. At what stage is the secrecy order issued? Is it at the immediate stage of application when the application is first filed?

Mr. TEGTMEYER. It is not imposed on the day it is filed. It is normally issued within a few months after it is filed. A large percentage of the applications which ultimately have a secrecy order imposed are filed with classification markings on them, meaning that they have been classified by the Agency. The application in those cases is filed either by the Government agency or by a contractor upon whom the subject matter has been classified by a defense agency.

Mr. WEISS. The secrecy order is issued or can be issued prior to the final determination as to whether or not the application is granted. Is that correct?

Mr. TEGTMEYER. It is normally issued before the final determination.

Mr. WEISS. When you have the case where an application has been granted, but is going through the appeals process because there was a rejection at some stage of the procedure. However, a secrecy order has also been issued. Now, the applicant makes the determination that he would like to abandon the application. What happens at that stage to the secrecy order?

Mr. TEGTMEYER. It says on the abandoned application.

Mr. WEISS. In other words, the applicant at that point is in this marvelous position of having neither a patent nor the capacity to further publicly develop the idea which was the subject matter of his application. Is that correct?

Mr. TEGTMEYER. That is correct. The secrecy order applies to the subject matter rather than to the application. It may of course, even on an abandoned application, be rescinded if the defense agency sees that to be appropriate.

Mr. WEISS. Do you see a problem with that? Is there not a certain lack of fairness or equity in that situation?

Mr. TEGTMEYER. I think what we are basically talking about is protecting national security and as best as can be, providing in the law and in practice under the law for the greatest possible rights of the applicant. Accordingly, what we are talking about is a balance

of national security interests against the interests of the applicant and the public in the exploitation of the subject matter.

I think the statute attempts to strike the proper balance between those interests.

Mr. WEISS. If the application has been rejected, I assume that the reason it has been rejected is because there has been a determination by the Patent Office that there is nothing new involved, that it is not patentable. Is that not correct?

Mr. TEGTMEYER. That is generally correct.

Mr. WEISS. If that is so, then I find it intellectually difficult to grasp how you can continue to maintain a secrecy order on something which is not new and therefore not patentable.

Mr. TEGTMEYER. There can be various reasons why subject matter would not be patentable. I think some of those reasons would fit the pattern you just described and some would not. The pattern to which I am referring are those situations in which it is not patentable because there is not really anything new or different at all and where the subject matter has widespread knowledge in the public domain.

There are a number of situations in which the subject matter may not be widely known and the subject matter may not be patentable because of acts by the applicant himself, such as a prior public use which may not result in wide public dissemination. Public use is construed as narrowly as uses within your own plant. Under the right circumstances that could be construed as a public use, even through the public does not really have access to the essence of the technology.

Mr. WEISS. I thank you very much. This is really a fundamental problem. I think we will probably submit some further questions to you for applications of this issue. We would very much appreciate getting your responses back in writing, if that is satisfactory.

Mr. TEGTMEYER. Right, sir.

If I may, I might add one more comment.

Mr. WEISS. Surely.

Mr. TEGTMEYER. I think, if you had a situation where the Office had determined that the subject matter of the application was not patentable and the Office did so on the basis of some prior patent of publication that was widely available, and it was on the basis of the fact that the subject matter sought to be patented was substantially identical to the earlier published subject matter, it might well be that the defense agency would consider rescinding the secrecy order in that case.

This is the type of situation in which, as I mentioned before, we have referred cases back to the defense agencies on our initiative because we felt the subject matter was essentially published. To be patentable the subject matter must not only be novel or new but unobvious to one skilled in the art. That level of skill is reasonably high, which means that not everybody would see the obviousness from the prior technology in published form.

Mr. WEISS. Thank you very much.

Thank you, Mr. Chairman.

Mr. PREYER. Thank you, Mr. Weiss.

Mr. Tegtmeier, we appreciate very much your being here today, and Mr. Quarforth.

We may have some additional questions in writing which we would like to submit to you dealing with criteria and a few things of that sort, but in the interest of time today we would like to submit them to you in writing.

Thank you for being with us.

Mr. TEGTMEYER. Thank you, Mr. Chairman.

[Submissions to additional subcommittee questions follow:]



**UNITED STATES DEPARTMENT OF COMMERCE  
Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS  
Washington, D.C. 20231

Honorable Richard Preyer  
Chairman, Government Information and  
Individual Rights Subcommittee of the  
Committee on Government Operations  
Rayburn House Office Building  
Room B-349-B-C  
Washington, D.C. 20515

Dear Mr. Preyer:

The following are our answers to the eleven questions raised by the subcommittee subsequent to the hearing on February 28, 1980.

Your first question asks if an appeal from a secrecy order has ever been taken to the Secretary of Commerce and if so what was the outcome.

Since 1958, according to our records, three secrecy order appeals have been transmitted to the Department of Commerce for decision. However, each secrecy order was rescinded prior to any decision by the Secretary. No decisions have been rendered.

Your second inquiry requests a copy of the current Armed Services Patent Advisory Board Category Review List and copies of other "fields of interest" lists in current use by the Office.

The Armed Services Patent Advisory Board's Patent Security Category Review List is classified and we are not authorized to forward a copy. I have, however, requested ASPAB to forward a copy of the current List to your Subcommittee by March 31, 1980. I am advised that ASPAB has forwarded the List to your Subcommittee.

The Department of Energy Category Guide List is unclassified and a copy is enclosed. See Attachment A.

The National Aeronautics and Space Agency "field of interest" items appear in the ASPAB List. I am enclosing a copy of an unclassified letter from NASA of December 22, 1976, advising the Patent and Trademark Office that NASA will no longer review applications in certain categories under 35 U.S.C. 181. See Attachment B.

The Department of Justice, as Mr. Tegtmeier indicated in his testimony, has not provided the Office with any list or categories for review under 35 U.S.C. 181.

Your third question requests criteria used by the Office for referral of patent applications to defense agencies that have not provided the Office with "field of interest" lists, such as the Department of Justice.

The Department of Justice is the only defense agency that has not provided the Office with a field of interest or criteria list for reviewing of patent applications. Applications have been made available to that Department at their request, on a case by case basis. To my knowledge, the only applications made available to the Department of Justice are the three referred to in Mr. Foy's testimony.

If the Department of Justice requested the Office to make an application available to them under 35 U.S.C. 181, we would do so. Today, the Office would probably request that Department to advise us if their interest is recurring or not. If recurring, the Office would solicit their criteria as a basis for future referrals.

Your fourth question asks for clarification about our practice of maintaining secrecy orders on abandoned applications and the statutory authority for this practice.

The purpose of a secrecy order is to restrict the disclosure of the invention or dissemination of information found in a patent application which might be detrimental to the national security if published or made publically available. A secrecy order is directed to the invention (35 U.S.C. 181) or the subject matter of the application (37 CFR 5.2(d)). Where the disclosure of an invention would be detrimental to the national security in the opinion of a defense agency, 35 U.S.C. 181, third paragraph, requires the Commissioner to (1) order that the invention be kept secret and (2) withhold the grant of a patent. Under the first requirement the status of an application, that is, whether it is pending, awaiting examination or a response from an applicant, on appeal, allowed, or abandoned, is immaterial.

Because an application is abandoned does not necessarily mean that the invention is. The invention may be disclosed in a pending (continuing or related) patent application. A small, but significant, portion of patent applications are abandoned only after a continuing application has been filed, enabling further prosecution of the same or different aspects of a disclosed invention.

Section 181, for example, requires a renewal process to maintain a secrecy order in "peacetime". Renewal is based upon an affirmative determination by a defense agency that disclosure of the invention would damage the national security. Whether or not the application is abandoned is immaterial. Permission must be obtained from the Commissioner to disclose the invention or information in an application or to file the invention in a foreign country, if the application is subject to a secrecy order. Whether or not the application is abandoned is immaterial.

As indicated in the legislative history, the Invention Secrecy Act was enacted to provide authority to keep inventions secret as well as to withhold the issue of patents where the national security so requires. Part 5 of 37 CFR and the administration of the Act since 1951 have so interpreted Sections 181 to 188.

Your fifth question asks for information concerning the rescission of secrecy orders because the inventions claimed were found unpatentable. Based on that premise, the question also asks how long such secrecy orders were in force and how many applications were filed with security classification markings.

The Office has had no reason to keep records that enable us to answer your question and I can only reply in a general way.

There is no relationship between a determination by a defense agency to request the Office to issue or rescind a secrecy order and a determination by the Office concerning patentability. A decision by a defense agency to request issuance of a secrecy order is based, as I understand it, only on grounds that the disclosure of subject matter (patentable or unpatentable) would be detrimental to the national security. A decision by the Examiner that the claimed invention is patentable is made without regard to whether or not the application is classified or subject to secrecy order.

As Mr. Tegtmeier indicated in his testimony, if the Office finds subject matter in the public domain corresponding to an application under secrecy order, the Office will request the defense agency involved to review the need for continuing the secrecy order. Occasionally, a defense agency will rescind a secrecy order after the Office has made such a request.

Your sixth question asks if the Office has sought or considered seeking a larger role in "secrecy order" decision making. The question further asks if the Office should have sole or concurring authority to issue or rescind a secrecy order.

The statutory authority to issue or rescind a secrecy order presently is vested in the Office. As Mr. Tegtmeier indicated in his testimony, the exercise of this authority is essentially obligatory on the Office when a defense agency requests us to issue a secrecy order in a patent application. The legislative history states that the opinion of the defense agency concerned is controlling.

The Office has not sought nor considered assuming a larger role in the secrecy order decision-making process, nor do we wish to do so now.

The success mentioned in Mr. Tegtmeier's testimony relates to recent efforts made by the Office in connection with applications which when filed contained no security classification markings. The Office, most likely, had similar success in previous years as well, but we did not record our results. I wish to make clear that it has been and is routine for the Office to request agencies to review the need for continuing a secrecy order in any application whenever information is discovered that, in our opinion, would make continuance of a secrecy order questionable.

It is my opinion that the Office should not have sole or concurring authority to decide whether or not a secrecy order should be issued or rescinded. Defense agency security officials through training and experience are best able to recognize the kinds of disclosure that might damage our national security. The Office does not have this expertise. If the Office were provided with resources to make security decisions, it would be unnecessarily duplicative. Nor, in the long run, does it seem that vesting such authority in the Office would yield any better results than our long standing practice of bringing published literature, patents or pending related patent applications to the attention of defense agencies to reconsider the maintenance of a secrecy order.

Also, the determination to rescind a secrecy order would seem to be a correlative authority which should not be separated from the authority to determine whether or not a secrecy order should be issued. In most cases, the bases for rescinding an order are first known to the authority that requested it. The defense agency will be the first to know of any changing needs of national security, and are in the best position to make any "security" decision.

Your seventh question is based on figures from the Armed Services Patent Advisory Board. You ask for the reasons why patent applications were not referred by the Office to ASPAB in the fourth quarter of 1979 as promptly as in previous quarters. The question also asks for recommendations about improving referral procedures.

In June, 1979, a new processing step was instituted in the Office as part of the initial processing of patent applications prior to the time those applications were screened for security. Insufficient staff resources were available to perform the new processing step and all other necessary pre-processing operations, and the inventory of applications in process prior to the security review operation began to increase sharply. At the end of June, 1979, this inventory of new applications was about 17,300, and processing time prior to security screening was about 41 work days. In spite of supplemental staff support and considerable overtime, the situation continued to deteriorate through mid-January, 1980. By this time the pre-security review inventory had grown to about 27,000 applications, equalling a processing time of 64 work days, or nearly three calendar months. In addition to the problems identified by ASPAB, internal Patent and Trademark Office operations were being disrupted by the work situation. In mid-January, a decision was made to suspend the processing step instituted the previous June.

Currently, the pre-security screening inventory of new patent applications has been reduced to 18,000, equating to 42 work days or slightly less than two months. While further reductions to this inventory level are expected, the present processing by the Patent and Trademark Office is believed to be adequate to insure that screening and reviewing procedures can be completed for secrecy orders to be issued within six months of the filing of an application.

As a result of the security screening process, applications are ordinarily made available to defense agencies within two or three days after receipt in the Licensing and Review Branch. An authorized agency representative can then review the application. Applications mailed to defense agencies are available for review within ten or fifteen days after receipt in the Licensing and Review Branch, and the Office is currently seeking ways to shorten this time. I have no evidence that defense agency representatives are taking longer to review patent applications than they used to.

As indicated above, the Office has taken steps to accelerate the pre-examination processing of new applications by the Application Branch and shorten the time for mailing applications for review to the defense agencies. At the same time defense agency representatives are being advised of the importance of prompt review by their representatives to enable secrecy orders to be issued within six months of the filing of an application.

Your eighth question asks whether or not the Office verifies the proper exercise of classification authority, including derivative authority, in applications filed containing security classification markings. The question additionally requests information as to the number of times the Office has found no classification authority exists and deleted such markings.

In Mr. Tegtmeyer's testimony on page 17, to which you refer, he spoke of situations where patent applications are filed in the Office with security classification markings already in them. Where authority for these markings is not readily apparent (e.g., the name or identity of the classifying authority), the Licensing and Review Branch immediately requests this information. In most cases, the name or identity of the classifying authority is supplied by the applicant's attorney. Where an inventor has placed security markings on papers in his file for reasons of his own and not based on Executive Order 12065 or the Atomic Energy Act, the Office requires their cancellation. The Office has not kept records of the number of such occurrences, however, but I am sure they are infrequent.

The Office does not verify whether the authority is original or derivative. Nor would the Office know whether or not the subject matter is properly classified. We are not privy to defense agency programs or requirements for the classification of technical data under Executive Order 12065 and the Atomic Energy Act.

Your ninth question asks if there is a need for further definition of the term "national security" as it appears in the Invention Secrecy Act. The question also asks for information concerning the standard used by defense agencies in reviewing patent applications under the Act.

I do not perceive any need for further definition of, or statutory criteria for, the term "national security". Its scope and meaning is well understood. If your Subcommittee should wish to define "national security" in a specific way, as by reference to specific technical areas, the defense agencies would be better able to assist you.

Similarly, the defense agencies would be better able to advise you concerning the standards they use to determine whether disclosure would be detrimental to the national security.

Your tenth question asks if there has been any case of judicial review of the propriety of a secrecy order. The question also asks what standard a court could be expected to apply.

To my knowledge, there are no such cases. It is difficult to speculate as to what action a court would take in the situation you pose. Presumably questions would be raised concerning jurisdiction, the nature of the action brought, reasonableness of the administrative determination and so forth. Perhaps the defense agencies would be better able to advise with respect to this question.

Your eleventh question requests the number of secrecy orders in effect on September 14, 1979. The question also asks for the results of the review program initiated by the Office on July, 1974, for applications on file for twelve or more years.

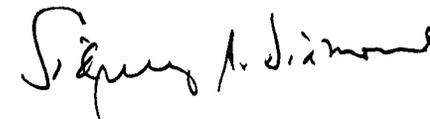
Our records do not show how many secrecy orders were in effect on September 14, 1979. As Mr. Tegtmeyer indicated in his testimony, our records do show that 3,300 secrecy orders were renewed during the transitional period from September 14, 1978 to March 14, 1979.

During the period from September 1, 1978 to March 30, 1979, our records show that the Office rescinded 273 secrecy orders and issued 112 new secrecy orders. From this, we calculate that about 3,573 applications were under a secrecy order at the beginning of the transitional period on September 14, 1978. Similarly we calculate that about 3,402 applications were under secrecy order at the end of the transitional period on March 14, 1979.

Our Licensing and Review Branch estimates that the program initiated in July, 1974, involved 1,500 applications under secrecy order. They also estimate that orders in 900 of these applications were rescinded by the beginning of September, 1978. The total number of secrecy orders rescinded for each of the years from 1974 through 1979 was 670, 549, 312, 324, 319, and 459, respectively.

I hope this information will be useful to you.

Sincerely,



Sidney A. Diamond  
Commissioner for Patents and Trademarks  
U. S. Patent and Trademark Office

Enclosures: Attachments A and B.



UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

April 26, 1976

The Commissioner of Patents and Trademarks  
Washington, D. C. 20231

ATTENTION: C. D. Quarforth, Director  
Special Laws Administration Group

Sir:

PATENT SECURITY CATEGORY REVIEW LIST

Pursuant to your request, this office has prepared as a guide a list of subject matter categories of patent applications that should be made available to the U.S. Energy Research and Development Administration (ERDA) in accordance with 35 USC 181 and/or 42 USC 2181, 2182 (Sections 151 and 152 of the Atomic Energy Act of 1954, as amended).

Section 151 d of the above cited Act provides that the Commissioner of Patents and Trademarks shall notify the Commission (now ERDA) of all applications for patents heretofore or hereafter filed which, in his opinion, disclose inventions or discoveries required to be reported under Section 151 c of the Act and shall provide the Commission (now ERDA) access to all such applications. The inventions or discoveries required to be reported under Sections 151 c and 152 are those "useful in the production or utilization of special nuclear material or atomic energy". The definition of atomic energy and special nuclear material is set forth in 42 USC 2014 as follows:

"The term 'atomic energy' means all forms of energy released in the course of nuclear fission or nuclear transformation"

"The term 'special nuclear material' means (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which the Commission, pursuant to the provisions of Section 51, determines to be special nuclear material, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material."

ATTACHMENT A

PAT. & T.M. OFFICE  
RECEIVED

APR 30 1976

U.S. PAT. & T.M. OFFICE  
LICENSING & REVIEW

Commissioner of Patents  
and Trademarks

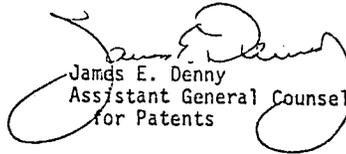
- 2 -

April 26, 1976

We have prepared the attached list of identified subject categories, which we believe encompasses the most relevant areas of interest to ERDA and which we desire to review under the statutory purview of Sections 151 and 152. We recognize that it is within the exclusive authority of the Commissioner of Patents and Trademarks to determine which patent applications fall within the definition of "useful in the production or utilization of special nuclear material or atomic energy". The attached list of categories is merely intended to identify those areas which ERDA deems to be most pertinent to its activities under the Atomic Energy Act of 1954, as amended. The list is not intended to be an exclusive definition of patent applications to be referred.

If further clarification of any subject matter identified is needed, please let us know.

Sincerely,

  
James E. Denny  
Assistant General Counsel  
for Patents

Attachment:  
Category Review List



APPENDIX  
SUBJECT CATEGORY LIST

- A. Materials, apparatus and methods identified with nuclear explosive devices.
- B. Materials, apparatus and methods for accomplishing nuclear fission reactions
1. All nuclear fission reactors utilized for:
    - a. power
    - b. propulsion
    - c. thermal energy
    - d. isotope or neutron production
    - e. experimental purposes.

This will include components and the manufacture thereof such as fuel elements, cooling systems, pressure vessels, shielding, loading mechanisms, steam and power conversion systems, auxiliary systems and accessories, identified as having possible application in nuclear reactors.

- C. Materials, apparatus and methods for accomplishing nuclear fusion reactions such as:
1. Laser fusion
  2. Electron beam fusion
  3. Ion beam fusion
  4. Magnetically confined controlled thermonuclear reactions.

In this regard, lasers developing energy  $>$  than  $10^3$  joules in an interval of 10 nanoseconds or less are of interest.

- D. Materials, apparatus and methods concerning isotope and/or radioactive source technology including:
1. Chemical processing of ores for recovery of uranium and/or extraction, conversion, or reductive steps;
  2. Technology for isotope separation or exchanges such as uranium enrichment, heavy water production, etc.;
  3. Radioactive waste processes for concentration, decontamination, or fission product recovery;
  4. Design fabrication and usage of radioisotopes (fission products) as sources of electric, propulsive or thermal energy in terrestrial, space and marine applications. This would include thermoelectric and thermionic converter technology which utilized energy released in nuclear fission or nuclear transformation. Thermoelectric materials, details of composition and processes for the manufacture thereof having a product of Figure of Merit and absolute temperature (ZT) exceeding 1.8 at  $700^\circ$  K.

- 2 -

5. Materials, apparatus and methods utilizing (including responsive to) radioactive sources in:
    - a. Life Sciences such as medicine (diagnostic and therapeutic), ecology, disease and pest control, animal husbandry, etc.
    - b. Industrial processes such as food processing, sterilization, polymer production, etc.
    - c. Investigations of the environment or the earth.
- E. Instruments employing a radioactive source and/or radioactivity detector in the operation thereof.
- F. Materials, equipment and methods for safeguarding and management of materials of nuclear interest, e.g., fissionable materials, radioactive materials, radioactive wastes, etc., so as to guard against the diversion of nuclear materials from uses permitted by law or treaty.
- G. Lasers, regardless of power or energy output indicated as having utilization in isotope separation, nuclear fission or nuclear fusion.



National Aeronautics and  
Space Administration

Washington, D.C.  
20546

GP (76-37120)

December 22, 1976

Mr. Carl D. Quarforth  
Director, Group 220  
U.S. Patent and Trademark Office  
Washington, DC 20231

Subject: 181 and 305(c) Review Lists

Dear Mr. Quarforth:

The Patent Security Category Review List has been reviewed for the purpose of updating it with respect to those areas marked for NASA review.

Please be advised that NASA no longer desires to review for purpose of Section 181, applications in the following categories:

Group I., Item 24  
Group XI, Items 7 and 8

In the 305(c) area, please amend the current 305(c) category list to include under category III. C., an item "10" designated "Variable cycle gas turbine engines and components thereof."

It is also noted with respect to Section 305(c) review that we have been receiving, on the average, several applications a month in the area of solar energy conversion systems which are clearly intended for large scale ground applications. The most recently revised 305(c) category list only calls for solar cells and collectors to the extent that they may have application as auxiliary power plants for space vehicles and launching vehicles. Could you please pass this on to the review personnel on your staff.

Additionally, there have been surprisingly few 305(c) cases in some of the new categories added to the list earlier this year. Categories particularly noted in this respect are 1) categories I. B. 1-8 (aeronautical structures); 2) categories II. A. 1-2 (fracture fatigue and heat resistant materials including composite materials and protective coatings

ATTACHMENT B

therefore; 3) categories II. J. 1-3 (high temperature materials including superalloys, eutectic composites and ceramics; and 4) categories III. C. and D. (jet engine and general aviation engine apparatus). It would be appreciated if you could check to insure that these categories have been in fact implemented by the review personnel.

Thank you for your attention to these matters.

Very truly yours,

*Robert Kinberg*  
Robert Kinberg  
Office of Assistant General  
Counsel for Patent Matters

cc:  
Lt. Col. Monte Haugen, Chairman, ASPAB

Washington Post Magazine Article ( I-20-80 )

# Patent, And Millions, Pending

David Pelton Moore says he invented solid rocket fuel and for 40 years the government told him to take a flying leap. Now, at 102, he may finally get his reward.

BY JOHN M. BARRY

**D**avid Pelton Moore was 27 years old when he got the first of his 77 patents. He was 39 when Woodrow Wilson led America into World War I. He was 62 when he developed what he considers his most important invention. And he was 95 when he filed suit against the United States of America for using that invention without his authorization.

Moore is now 102, and although a decision is expected on his suit in the next few months, he is prepared, he says, to "see this through if I have to live to 107."

What Moore will get, if he wins, is millions of dollars, possibly tens of millions—and recognition. A retired patent attorney, Moore never worked in a laboratory, only in his basement. Like many other basement inventors who never worked in a corporation or government laboratory, he has had difficulty getting people to pay attention to him. Yet years before any corporate- or government-funded inventors came up with a workable solid rocket fuel, Moore claims he did—in 1939. He also claims a fuel similar to his has been used in Sergeant and Nike missiles, in Polaris and Minuteman missiles, even in the space shuttle. And there are rocket scientists who agree.

William Arendale, now a chemistry professor at

John M. Barry's last contribution to *The Magazine* was a profile of University of Maryland coach Jerry Claiborne.

the University of Alabama, worked on and ultimately headed the development, under government contract, of precisely the rocket fuels that Moore says infringe on his patent. "There's no doubt in my mind," Arendale says, "that David Moore was the first to invent an elastomeric, castable, solid, composite propellant. Unless his patent is ruled invalid because of legal technicalities, I'm quite sure he'll win."

Perhaps no one was paying much attention to Moore in the days when he was trying to interest the government in his invention, but people in the Justice Department are paying attention to him now.

**M**oore has an air of a fin de siècle gentility. In his youth he lived in Paris, and with his waxed mustache, aristocratic dress, and a certain disdainful aloofness, he seems almost a character out of a Henry James novel. He expresses that aloofness and a respect for substance when he snorts: "You must remember, back in the early days lawyers weren't as smart as they are now. Now it comes down to whether it's a period, a semicolon or a comma."

Moore was born into a well-off family that lived three blocks from the White House. He says he met every president from Grover Cleveland to Franklin Roosevelt, and that he knew Wilson well. Moore had access to . . . society.

But instead of being delicate, he is gritty. Instead of lolling in ennui and uselessness, he exudes a sense of vitality and productivity. Instead of being a dilettante, he does things.

His family has done things, too. His sister, Dr. Rosalind Bain, was one of the nation's first female dentists; his grandfather was quartermaster general of the Army in the Mexican and Civil Wars; his father, a physician, took walks with Abraham Lincoln.

As a youth Moore taunted police into chasing him by riding his horse on the White House lawn. Now at 102 his eyes sparkle with that wildness. His mind flashes and leaps. His inventions came to him like that, with a sudden

coupling of seemingly unrelated concepts. Logic entered only into the perfection of his ideas.

He has no love for the tedium of routine. He never got rich. Marketing was not fun, only inventing was, and his marketing efforts usually were limited to writing a letter or two. He did not really try, for example, to sell his first patent, in 1904, for the cardboard tabs in milk bottles. No dairy used them until his patent expired. Nor did he make much money from his 1916 telephone receiver, nor from his several patents on artificial fur, nor from his patents that covered the binding of rubber to carpets to prevent slipping, nor from his 1966 method to record sound directly on Polaroid film, nor from his 1968 hybrid electric car.

But unlike most of Moore's 76 other patents, his development of a rocket fuel is a chronicle of persistence. It begins about 1905, when Moore invented an explosive, and then licensed an early explosives expert and friend named Manuel Himalaya to make and sell it to mining companies. Himalaya set up two factories, in England and Portugal, but in 1912 the English factory blew up. No one was killed, but Himalaya was disturbed enough to close the Portuguese factory. One component of the explosive was susceptible to spontaneous combustion during processing. Moore tried to find a replacement. He failed, filed the problem in the back of his mind, and went on with his life.

**T**hrough the 1920s and '30s Moore did well. He moved to Long Island and served as patent counsel to the General Talking Picture Corporation. He continued to invent—gadgets, film technologies, textile machinery and chemical products.

In 1939, at age 62, Moore was working in his basement with latex—rubber suspended in water.

"I wanted to get a rubber paint," he says, and to improve the binding of rubber under mats.

World War II had just begun. Destruction was on everyone's mind, and Moore

was still thinking about his 27-year-old explosives problem. Latex is largely hydrogen and carbon, which, when combined with oxygen, can be made to explode. Suddenly he realized rubber could replace the dangerous hydrocarbon he had used before!

"This happened on a Saturday night. I had the latex and the starch. Starch was a big thing. I was the first one to use starch in an explosive [in 1905]. Starch took the water out of latex. All I lacked was an oxygen-supplying agent. The drugstore was a quarter-mile from home. I awoke out. It was a beautiful moonlit night. I asked for sodium nitrate. 'I don't have it,' the clerk said. 'Could you use potassium chlorate?' So I did. I mixed it that night. You can't imagine how I felt that Sunday when I came down and found it all dry. I knew how important it was! I knew I had it!"

"Then I typed the specifics of a patent. Monday I had it notarized. This thing I could see was the most important patent I ever handled."

After a few months' more work, Moore delivered a sample to the Bureau of Explosives, which tests new explosives before allowing them to be transported. William McKenna, the chemist who tested it then, still remembers: "I had never in my experience [seen] this type of explosive. It took some investigating just to assure that our apparatus would be adaptable to it. It had a lot of possibilities."

Moore did not get those test results until early 1942. The country was at war; he took his invention to the Navy. "I love my country," he said, "I wanted her to have it." But there was a civilian looking on with the Navy officers. "I asked if he was a dollar-a-year man from Du Pont. They said, Yes. I turned around and walked out because I knew Du Pont would steal it. I would never trust a Du Pont man."

Then to protect himself, Moore applied for a patent. The application was denied; Moore was told his invention was an obvious development from match heads and, ironically, from early Himalaya patents that Moore himself had worked on.

Moore argued for four years over his application, insisting the invention was as important as dynamite. Were they fools? It was a universal explosive. Depending on how he treated the rubber, he could get granules, thin sheets, even a solid mass of explosive.

"They had," he now says, "examiners who didn't know their cases."

In 1946 Moore sent a sample to the Bureau of Mines; they found it had 46 percent the power of TNT, yet was absolutely safe to make and handle. Armed with this report from a second government agency, Moore dropped his 1942 application and filed a new one.

**M**eanwhile, the war, and German V-1 and V-2 missiles, had pointed the way to the future—rocketry—and the United States was racing the Soviet Union to get there first. Moore prepared some of his explosive for use as a rocket propellant.

Propellants at the time were mostly liquid, but solids had advantages—liquids had to be pressurized or pumped and only the most volatile and dangerous liquids were more dense and delivered more power per volume.

Researchers at the Jet Propulsion Laboratory at the California Institute of Technology and at the Aero-Jet Corporation were looking for a suitable solid fuel, one that could be poured and that then would solidify. Aero-Jet had already produced an asphalt-based booster rocket to help get aircraft off carrier decks, but at low temperatures asphalt cracked; at high temperatures it melted. Other solids cracked when the heat of burning made them expand.

Cracking was a serious problem; it exposed more surface to burning, causing a sudden surge of power that made a rocket unstable. An elastomeric fuel—one that would stretch and not crack—was needed.

Six years after Moore developed his latex-based fuel, Aero-Jet also tried later, but used a different process. Instead of getting a liquid that would solidify, they got sticky granules. When they tried it in a rocket; the rocket exploded.

Charles Bartley, a scientist at the Jet Propulsion Lab, knew of Aero-Jet's efforts with natural rubber and began looking into synthetics. In late 1946 he found one that worked—Thiokol, named for the company that made it. Thiokol Corporation would soon become the major supplier of a family of propellants called rubber-based. But they didn't quite have it yet.

In 1939 Moore had been seven years ahead of the government-funded laboratories. In 1948 he was 71 years old, and despite the millions of dollars, the dozens of scientists and the many laboratories that

the government had employed, he was still in the race for a usable rocket fuel. That year he delivered a sample to the Navy for testing. The Navy sent the sample to the Picatinny Arsenal in New Jersey.

Testers there knew little about rubber-based propellants; such fuel was too new. They treated "Mooreite," as the Navy called it, exactly as they treated a completely different family of propellants called double base—a nitroglycerine and nitrocellulose mix derived from gunpowder. The test results did not show Mooreite at its best but still were encouraging enough to merit "further consideration." More importantly, the staff at Picatinny sent the report to no less than 43 government contractors and laboratories, including Dupont, General Tire and Rubber (which by then had taken over Aero-Jet) and Thiokol.

Meanwhile, Moore had given up arguing over his 1946 patent application and had filed a new one, in 1949. He waited for the Picatinny test report to strengthen it. And waited. And waited.

The report had been classified secret. Moore had no clearance; he got no copy. When a top-secret 1951 summary of the state of the art listed Mooreite as one of 10 elastomeric propellants to be considered for possible use, Moore was still waiting. He was only to find out 19 years later that his invention was so well received, and then only through his own perseverance.

In the early 1950s Moore's second wife and also his sister's husband died. So Moore left his long-time job with General Talking Pictures and moved back to Washington to live with his sister in 1954. He was in his 70s but hardly ready to retire. And one thing stuck in his mind—his rocket fuel. Seeing it go unused frustrated him; it could do so many things.

For example, cured one way it could be an excellent mining explosive because its fumes are not toxic. So Moore talked with Joshua Evans, a prominent Washington banker, and John L. Lewis of the United Mine Workers. The UMW decided to finance production. Moore took another trip to the patent office to file a new application. Hoping to avoid another battle with patent examiners, he limited the claims simply to a mining explosive.

The patent office promptly closed the books on the venture by classifying the application secret. Because patents must, by definition, be in the

public domain, the secret stamp meant Moore's invention wasn't patentable. "I was a little bit frustrated," he says, "but I felt it was a rule, and we have to live according to the rules."

In 1955 Moore was 78 years old, with more than 50 patents to his name. Why didn't he simply give up and rest?

"A lot of people in the patent office were waiting for me to die. But I never let go of it. Never. Never. You must remember, when you invent something it is like an infant to you. I had love for this stuff."

Because the patent office had refused to patent even his limited claims for a mining explosive, Moore broadened them again to include rocket fuel. In 1962 he located the Navy officer to whom he had delivered the sample that went to Picatinny. The officer sent him, finally, a copy of that test report. And in 1965, Moore got a patent. It was not enough for him, and he immediately asked for a reissue patent. Before reissuing a patent, the patent office thoroughly reexamines everything in it; a reissue patent usually stands up better in court. In 1966 Moore got that.

So David Pelton Moore finally was ready to go to war. He was 89 years old.

**T**here is a larger, more critical issue here. The patent system, the big laboratories and the way they are

funded, may be preventing some technological advances by both squeezing out private individuals and by limiting research inside the corporate, academic and government laboratories. Barret Hazletine, an engineering professor and dean at Brown University, estimates he spends one hour writing proposals to fund every two hours of research and thinks that is typical. Worse, Hazletine says, a new idea, something really new, has the least chance of being funded.

"How," asks William Arendale, "do we take advantage of what everybody knows? . . . Innovation in technology today requires not only an idea but funds to develop it and entrepreneurial ability to sell it. You don't have a solution until it's widely accepted." His adds that all the money is in corporate, academic or government labs. "At the same time people in those labs don't give credit to people outside, even if an outsider has an idea. We even have a name for it. We call

NIH—not invented here.”

Moore exemplifies the problem an outsider with an idea has, and how times have changed. Early in this century he had an inferior product—his first explosive. He had no trouble getting a patent or setting up two factories, one of which blew up. Forty years later he had a vastly superior product. It took him four separate applications, innumerable changes within each application, and a quarter of a century to get a patent. Yet he never could exploit it, because at first no one would listen and later because of government interference. When he finally got a patent in 1966, it was too late to exploit it commercially.

So he began to prod the government and wrote letters to the Navy, Air Force, Army and NASA, asking for compensation. Legally he didn't need to show that anyone had stolen his ideas, only that they had used them, nor did he have to show that the propellants used were identical to his patent. The doctrine of equivalency, well established in patent law, says that if something does essentially the same thing in essentially the same way, there is infringement. But one by one, the last in 1968, his claims were denied. Then Mike Rossnan began to help him.

The two had met in a Silver Spring barbershop in 1964, when Rossnan was in his 30s and in charge of the seafood departments at Giant markets. Now he owns a crab-processing factory and also sells crab-processing machines. As a boy Rossnan had lost his father. While Moore had outlived three wives, he had no children. They became immediate and fast friends. When Moore's sister died, he moved in with Rossnan and his wife Barbara. In 1976 Moore adopted them both.

Rossnan, himself holder of half a dozen patents that Moore helped him get, can be a fierce man, intense and cynical. He has immense respect for Moore and says, "There's a lot of grazing animals out there who do nothing but eat and sleep. . . Then there are people like David who build civilizations." The only thing wrong with Moore, Rossnan believes, is that "David thinks the world is a good place, that the government would do the honorable thing."

To prove his case, Moore needed information about the chemistry of the rocket propellants that only the govern-

ment could supply. So he asked the government for it.

"We went through all the channels," Rossnan says disgustedly. "We were denied all along the line. How do you prove something when everything you ask, the government says, 'That's classified?'"

If Moore was willing to prod gently, Rossnan was not. In 1970 he called Chuck Hamel, who was Sen. Mike Gravel's top assistant and who earlier had worked for Sen. Thomas Dodd, Lyndon Johnson and others.

"I was curious about one thing," Hamel says, "if David's invention was as far off as everybody was saying, why did they classify his 1955 patent application?"

Hamel had access that a private citizen did not. He met with the director of the Applied Physics Laboratory of Johns Hopkins in Laurel, which was by far the most important repository of relevant information on rocket propellants. The director got out a copy of the Picatinny report. It had more pages than Moore's copy, including a distribution list of 43 laboratories and contractors. Hamel's eyes widened when he saw that list. He wanted to copy it. He was refused permission. Heatedly, Hamel tore off the pages and walked out.

"Later," Hamel laughs, "they accused David of having classified documents."

But even with Hamel's help, information only trickled in. Despite persistent efforts, Rossnan and Moore had hit a stone wall. Even their one ally, Hamel, could help no longer. It was 1971 and he was leaving the Hill to become a consultant. His advice: sue. The legal process of discovery was the only way to get the information.

The next year Moore talked with the alumni director of George Washington Law School, Moore's alma mater, about the school's taking on his case for half the award. When nothing came of those talks, Rossnan became discouraged. They had too little evidence; he gave up the hunt.

Moore did not. In 1973, at 95, he typed out a suit against the United States of America. Rossnan found out about the suit when Moore got a letter from the Court of Claims. "It was hurt that David hadn't told us, but more because of all the mistakes on the forms. David couldn't see very well anymore. Sometimes when he typed he was off a whole key. It looked like a crank case. I felt if they were going to shoot him down, he

could at least go down with dignity. I became David's eyes and read to him. We went through boxes of documents, and he'd say, 'Yes, Mike, that's important.' A friend put the forms in proper order."

Rossnan pauses for a moment and presses his lips together. His voice hardens. "Then when I looked at it more closely, I thought, 'Maybe we have something after all.'"

The government's first attorney was Martin Avin. Avin was impressed with Moore, but "at that early stage their claim was far from being legally sound. What I recommended was, NASA had the right to give someone an award [which includes an honorarium] for advancing rocketry. If I could apply to NASA for him, they could give it to him."

That was in 1975. Avin had seen only the patent, the Picatinny report and the distribution list. Moore's case improved dramatically later. Perhaps there could have been a settlement, but Avin retired after a heart attack. Moore's relations with the Justice Department were not friendly, or even professionally courteous, again.

The government's case under Robert Plotkin, and later Paul Luckern, who replaced Plotkin early in 1978, moved on two fronts: first, to get the case dismissed without a full trial and, second, apparently to avoid the discovery process—the legal process in which each side asks for evidence that the other holds.

Three weeks after Plotkin took over from Avin, Moore's first attorney, hired on a contingency basis, withdrew. Within a week, Plotkin called Moore.

"His manner," Moore says, "was unparadigmatic and insulting. He said he was coming over to the house with dismissal papers [for Moore to sign]."

At a pre-trial hearing, Plotkin told the judge, Joseph Colaianni, that Moore's patent, was missing procedural elements and therefore was invalid. An enraged Rossnan then stormed into the patent office, demanding to see Moore's file. The missing parts had been lost and were found in a fold in the patent application.

Next, Plotkin convinced the judge to hold a separate trial limited to the issue of abandonment, claiming that because Moore had made his invention no later than 1942, but

had not filed an application until 1955, he had lost his rights. At that time, August 1976, Moore lacked proof that he later found of his 1942, 1946 and 1949 applications.

Moore was in trouble and he knew it. The trial was going badly. Moore lost confidence in his second attorney and went to another firm which had a lawyer on the staff with a Ph.D. in chemistry—Paul Meiklejohn. Meiklejohn, however, had no trial experience.

Moore won the abandonment trial, but it was a hollow victory. The government still blocked discovery and still held almost all the evidence. Moore's attorneys knew if they went to full trial then, they would lose. So they asked for postponements, and more postponements. The Justice Department asked for dismissal because of "failure to prosecute."

The Applied Physics Laboratory, where much of the relevant information was stored, had released almost none because of advice from Plotkin and the Navy's patent attorney. The Navy attorney told APL in January 1976 that it could ignore Moore's request for rocket fuel information since 1939 and only provide data since Oct. 22, 1966, when Moore received his patent. The case was crippled without his early data. Moore's attorneys complained to the judge, but the government said finding the documents would be "burdensome."

Then Moore got lucky. A worker at APL thought Moore was "getting screwed. There's no doubt the old man had ideas, and no doubt the government had access to them . . ." The worker leaked a series of memos to Moore that he felt documented the government's evasion.

Soon Moore got another break. He learned that Plotkin had gotten some information from the National Archives. He and Rossnan went there. At first they were denied access because the material was still classified, but the archivist looked at the 100-year-old Moore and finally said, "Hell, the Justice Department guy didn't have clearance either. You can see what he saw." Moore and Rossnan spent days there and found some key data.

Meanwhile, copies of the memos leaked from APL were making the rounds. Rossnan had shown them to Chuck Hamel and asked for advice. Hamel had Moore write letters to Walter Flowers, an Alabama congressman and member of the Judiciary Commit-

tee and a friend of Hamel's, to Griffin Bell, then attorney general, and to James Fallows, then President Carter's chief speech writer. The letters asked for an independent investigation of the Justice Department's handling of the case. (An investigation, a Justice Department spokesman now says, did occur and found "no basis to take any action.")

Moore's attorneys used the memos as well, presenting them to the judge, who was not amused. The Justice Department's motion to dismiss the case because of delay was denied, and Justice was ordered to comply with discovery. Paul Luckern, by now the Justice attorney, released much information. Meiklejohn wanted to visit several facilities to find additional documents. Luckern refused.

Meiklejohn went to the judge. The judge ruled definitively for Moore, and Meiklejohn visited APL and other sites. He found documents that supposedly did not exist.

Soon Moore's attorneys had the information they wanted. More importantly, they had found the particular expert they wanted—William Arendale. Not only had Arendale headed the development of the government's rubber-based propellant, but he was knowledgeable about other types of fuel.

When first contacted, Arendale was leery. He assumed it was a crank case. Then he read the patent: "It just seemed inconceivable. These things so characterized solid propellant art that I just honestly could not believe they existed in 1939."

Arendale agreed to testify. The trial was nearing. Tension grew. "I think," Arendale said after being questioned by Luckern, "it was the first time he realized his experts would be contested. . . Let's put it this way, there were feelings after that meeting. I do know inquiries were made about me around Huntsville. . ."

In November 1978, nearly 40 years after Moore had invented his "universal explosive," he and the United States of America were ready for trial.

"This is what life's about," Rossnan says. "The fight, the challenge. Not to give up. You know how many years David's been hawking about this? The perseverance of the man? We never had any evidence. We had a bunch of papers that

made no sense until it was put together with what the government had."

The courtroom is like any other. Lush wood. Flags. Counsel tables. There is no jury. Money is involved, lots of money, but Moore says he doesn't care about that. Years earlier he had offered to settle in return for \$20,000 and credit as the inventor; the offer was dismissed as that of a crazy old man.

There is a young man involved, too. It was Meiklejohn's first trial. He had switched to a New York law firm; a senior member of the firm had planned to help him but a snowstorm prevented his appearance. So Meiklejohn was alone.

The questions quickly boiled down to two first, are the polysulfide, synthetic rubber propellants equivalent to Moovite, which is made with natural rubber?

Al Camp, the key government expert who had advised the government since the inception of the case and who sat with Luckern at the counsel table, was testifying. Meiklejohn asked: "In other words . . . would [Moovite] be the first elastomeric solid composite propellant—if it [worked]?"

"I believe so," Camp answered.

The second question, then, was: Would Moore's propellant work?

Arendale said it would. Five government experts said it would not. But it quickly became apparent that Arendale was the only expert with expertise in the chemistry of rubber-based propellants. The chemist for the government admitted, "I am not familiar with polysulfide polymer systems, which were exactly what the trial was about. Another government expert, who had been Arendale's boss at Thiokol, readily agreed he was an engineer, not a chemical engineer, and that his responsibility was for the rocket motor while Arendale's was for "propellant chemistry development."

Only Al Camp, of the government experts, was a propellant chemist—but Moore's side thought Camp knew little about rubber-based propellants. Camp had, in fact, changed his testimony from the earlier abandonment trial because his experience. He

said, "was with an entirely different kind" of fuel—double-based—"and [I] was inaccurately inferring from that."

Moore's side felt Camp had been unfairly comparing Moovite's thrust to double-base fuels, to prove it wouldn't work. Yet another government witness already had said that even with less thrust the rubber-based fuels, like Moovite, gave better performance than double-base fuels because they can use lighter motors.

After the trial Arendale said, "I don't know what Mr. Camp was trying to prove. You can't compare those figures. Double-base and castable elastomers like Moovite are apples and oranges."

The night the trial ended, Moore, Mike Rossnan, Barbara Rossnan, Hamel and Arendale went to a restaurant. To celebrate. Crabs were devoured. Liquor flowed. Moore had just turned 101. Suddenly Rossnan turned to him and said, "We won, didn't we?"

The case continues. Not until last month were a series of briefs and rebuttals completed. Some-

times in the next few months Judge Colaianni is expected to decide the case.

If Moore wins he will get as much as 10 percent of all the money the government has spent on the propellants he says are infringed. That accounting will take more years. A settlement would probably precede it. Moore plans to use half of any award to set up a foundation to help individual inventors. People, he says, not corporations, invent.

He was talking about that at his 102nd birthday party last November. Dressed as always in finery, he began to entertain. His eyes flashed. He recalled his birthday party in 1884. The Democrats had just elected Grover Cleveland and were parading past his house on Pennsylvania Avenue with roosters on top of poles—"the first time the cock had crowed in 24 years."

One birthday present—muscate wax—recalled that past. Another—a Playboy calendar—was very much the present. Everyone was in good humor. There was dinner, then dessert. It was, of course, a cake. On it was a rocket roaring toward the stars. Moore looked at the cake, at the rocket on it.

"Yes," he said, "that's my invention." ■

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Res & Dev  
Mr. M. Lipnick

Copy No.

56

University of Michigan  
Dept of Engineering & Res  
Ann Arbor, Mich.  
ATTN: Dr. J. Erier

57

University of Minnesota  
Oak Street Laboratory  
Minneapolis 14, Minn.  
ATTN: Dr. Bryce L. Crawford

58

Western Cartridge Company  
Olin Industries, Inc.  
East Alton, Illinois  
ATTN: Mr. R. L. Womser

59

Rohn & Haas  
Redstone Arsenal  
Huntsville, Ala.

60

6

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TABLE I  
INFORMATION FURNISHED BY A COMPANY

No.	Oxygen Ratio	% Solids	% Potassium Perchlorate in mix	% Rubber-Hydrocarbon
40A	1.288		69.5	24.9
40B	1.291		70.7	25.2
42A	1.246	72.2	70.0	25.9
42B	1.243	76.0	69.7	25.9
43A	1.385	78.2	72.3	24.1
43B	1.390	77.2	72.4	24.1
44A	1.517	79.2	73.0	22.3
44B	1.517	79.2	73.0	22.3
44C	1.658	78.8	74.0	20.6
45A	1.388	77.5	70.6	23.5
46	1.511	77.3	72.3	22.1

Samples 40A and 40B were compounded from salts as obtained on the open market, with no regard for particle size; while in all other samples the salt was micropulverized with 97.5% passing 250 mesh and 93.7% passing 325 mesh screen. Samples 42B, 43B, 44A and 46 were cast approximately 1/4 inch; while 44B and 44C were cast 5/16 inch to give variation in compression. Others were cast without measure of depth. A coolant was incorporated in samples 45A and 46 in the amount of 3.27% and 3.18%, respectively.

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TABLE II

## CHEMICAL PROPERTIES OF "MOORITE" PROPELLANT

1. Composition (Dry basis)	Density	Density	Percent	(a)	Wet basis	H <sub>2</sub> O
Salt (KClO <sub>4</sub> )			73.0			
Latex			22.3			
Wetting Agent (10%)			.09			
Curing Agent (Sulfur 70%)			1.53			
Curing Agent (Setsit 50%)			.66			
Gelling Agent (NH <sub>4</sub> NO <sub>3</sub> 50%)			.33			
Zn O (50%)			.50			
Moorite (4%)			1.52			
2. Moisture, %			47.73	(b)		
3. Hygroscopicity, % at 30° ± 0.5°C and 90% relative humidity			1.29	(b)		
4. Density at 28° ± 1°C, grams per cubic centimeter			1.51	(b)		

*Handwritten notes:*  
 - Above table: *how do you... not in this*  
 - Next to Salt: *70% assumed as S*  
 - Next to Curing Agent (Sulfur 70%): *1 (but some...)*  
 - Next to Gelling Agent (NH<sub>4</sub> NO<sub>3</sub> 50%): *Density that would be... with H<sub>2</sub>O*  
 - Next to Zn O (50%): *1.52 included in mp. total*  
 - Next to Moisture: *47.73 added to gel " - over oxygen"*  
 - Next to Hygroscopicity: *1.29*  
 - Next to Density: *1.51*

(a) As revealed by A Company for Sample No. 44A which is typical for the eleven samples.

(b) As determined for Sample No. 43A.

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TABLE III

## CHEMICAL AND PHYSICAL STABILITY OF "MOORITE" PROPELLANT

1. Explosion Temperature Test, °C	"Moorite" Propellant 485	Standard TNT 460	
2. Impact Test, PA apparatus, 2Kg wt, in.	8	14	
3. 100°C Heat Test	% Loss 1st 48 hrs	% Loss 2nd 48 hrs	Explosion 100 hrs
	None *	None **	None

Notes: \* Gain in weight - 1.95%  
 \*\* Additional gain in weight - .87%

During the 100°C Heat Test the material changed to a dark brown color and became brittle.

4. 100°C Vacuum Stability Test	ML Gas 0.29	Hours 40
5. Mechanical Properties before and after storage at various temperatures:		

Propellant	Time, Weeks	Temp, °F	Stress at 25% Compression lbs/sq in.
"Moorite"	0	80	185
"	4	"	218
"	4	-50	219
"	1	160°F	490
"	2	"	1039
"	3	"	2277
"	4	"	7722
T-8 (Lot PAE-24)	0	"	968
"	1	"	1024
"	2	"	983
"	3	"	1189

*Double base*

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TABLE IV

## BALLISTIC CHARACTERISTICS OF "MORITE" PROPELLANT

a. Heat of Explosion (determined)	Sample No.	Cal/g
		42A
	42B	706
	44A	748
	44B	791

b. Volume of the Gaseous Products of Explosion (determined)	Sample No.	ML/g
		42A
	42B	654
	44A	600
	44B	560

Note: The residue, scraped from the bomb after each run was equal to about 35% of the original weight of the sample. From sample Nos. 42A and 42B the residue appeared to be very black and salt-like; from sample No. 44A the salt-like residue had a white color with a coating of black material; from sample No. 44B the salt-like residue had a cream color with a coating of black material.

## c. Burning Rate of Strands, inches per second

Sample No.	42A	42B	44A	44B
At 500 psi and 86°F	.50	.47	.48	.67
" 1000 psi " "	.91	.96	.91	1.26
" 1500 psi " "	1.27	1.42	1.29	1.76
" 2000 psi " "	1.62	1.82	1.95	2.11

d. Pressure exponent "n" in formula  $r = CP^n$ 

Sample No.	42A	42B	44A	44B
At 86°F for 500 - 1000 psi	.87	1.04	.92	.90
" " " 1000 - 1500 psi	.82	.97	.85	.81
" " " 1500 - 2000 psi	.84	.86	1.44	.83

perbid

~~RESTRICTED~~

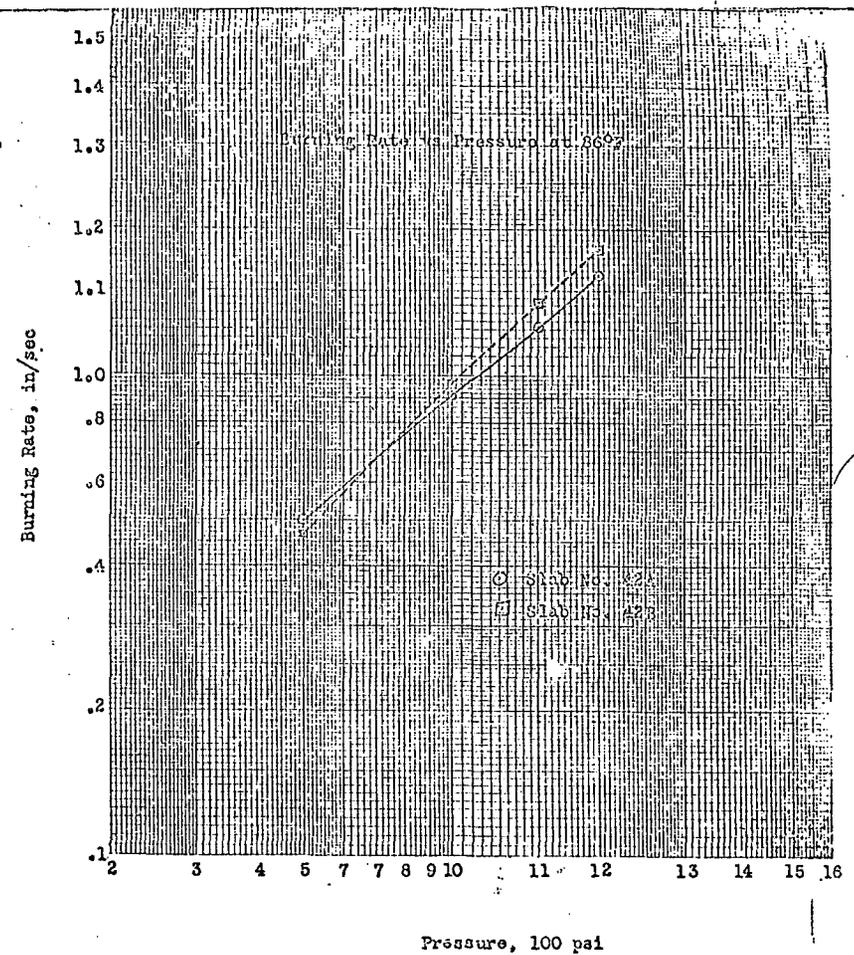


Figure I

~~RESTRICTED~~

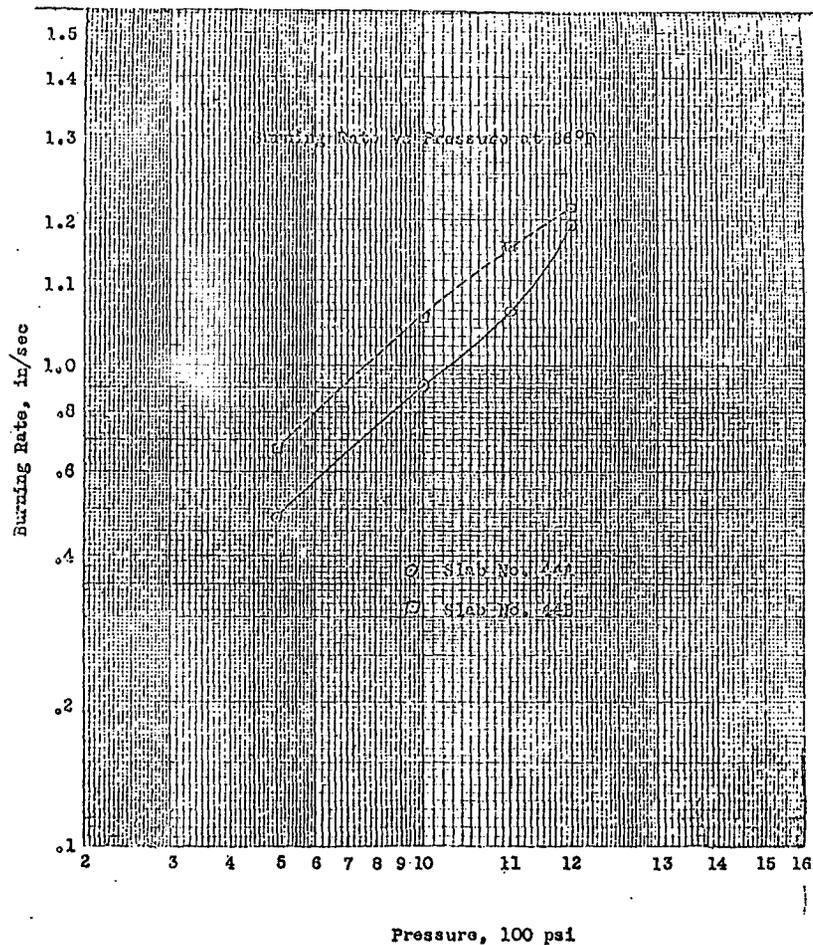


Figure II

RESTRICTED

Mr. PREYER. Mr. Moore, when you were under an invention secrecy order from 1956 to 1957, where you ever informed which agency of the Government had requested the order or why they requested the order?

Mr. MOORE. No.

Mr. MEIKLEJOHN. Mr. Chairman, if I might just clarify that a bit. At one time Dr. Moore did indicate that he felt it was the Bureau of Ordnance of the Navy Department that issued the order, but he was not clear on that, and at the present time he does not know what agency requested that the secrecy order be imposed.

Mr. PREYER. To this day, which is nearly 24 years later, has the Government ever explained to you why the secrecy order was issued?

Mr. MOORE. Never.

[Chronology of Mr. Moore's claim follows:]

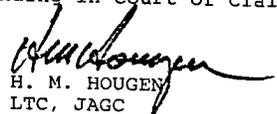
DAJA-IP

## MEMORANDUM FOR THE RECORD

SUBJECT: Chronology of Events Relating to the Invention Secrecy Claim of David Pelton Moore

The following information has been drawn from the files of The Judge Advocate General, Department of the Army.

1940	Moore invents a solid explosive
1940-41	Moore tries to sell his invention to American Railroad Association.
1941-42	Moore tries to sell his invention to the military departments, offer rejected
1948	Moore prepares patent application for his invention
1948-49	Moore tries to sell his invention to the Army - tested and rejected
1948-55	Moore tries to sell his invention to United Mine Workers
Jul 1955	Moore files patent application for his invention
Mar 1956	Secrecy order imposed on Moore's patent application
Apr 1957	Secrecy order rescinded
Oct 1960	Moore files continuation-in-part of patent application
Jan 1962	Moore files another continuation-in-part
Jun 1964	Patent No. 3,135,634 issued to Moore for explosive
May 1965	Moore files application for reissue of patent
Nov 1966	Reissue No. 26,108 issued to Moore
Dec 1966	Moore files administrative claim with the Army - secrecy order is mentioned, but claim is only for alleged infringement of Moore's patent
Jun 1967	Army denies Moore's claim for lack of infringement
Oct 1973	Moore files action against Government in the Court of Claims - reference is made to secrecy order, but claim for relief limited to infringement.
Aug 74	Moore files First Amended Complaint - no claim for secrecy order damage
Jan 1975	Moore files Second Amended Complaint - first assertion of damages caused by secrecy order
Feb 1980	Action still pending in Court of Claims

  
H. M. HOUGREN  
LTC, JAGC

Mr. PREYER. They said nothing to you along that line?

Mr. MEIKLEJOHN. No, they did not. I pursued that quite a bit with Dr. Moore and he was quite adamant about the fact that he never received any reason why a secrecy order was imposed.

Mr. PREYER. Let me ask you generally, Mr. Moore, as a successful inventor you have had many ideas that have been ahead of their time. How do you think a secrecy order affects the value of an idea?

Mr. MOORE. I would say that I wanted to get it before the Government first and then the Du Pont people would have taken it, but when they found that the Government had hold of it, they refused to even talk to me about it.

Mr. PREYER. In other words, as soon as—

Mr. MOORE. It killed the deal with Du Pont.

Mr. MEIKLEJOHN. Mr. Chairman, if I might just elaborate a little bit. The impetus for David's filing his 1955 patent application was the pending deal with the United Mine Workers and a second deal with some people from Baltimore who were going to put up a plant and produce his explosive.

Patent applications are relatively expensive matters, between \$2,000 and \$3,000 in today's dollars, to prosecute an application to issuance. Therefore, people do not go into them lightly. A lot of people feel that they have to have some kind of commercial application at least pending before they will file.

This, of course, does not apply to large corporations which have almost unlimited funds for filing patent applications. So, the deals David is talking about are deals that he entered into with the United Mine Workers and the people in Baltimore, and the issuance of the secrecy order had the effect of totally chilling, or in his words killing, those deals.

Mr. MOORE. Definitely.

Mr. PREYER. The statutes provides for just compensation for damages that the inventor, such as Mr. Moore, sustains during the period that the secrecy order is in effect. However, the defense agency and the Patent Office routinely classify the supporting documents explaining the reason for the secrecy order.

How can the inventor submit evidence that he suffered damages? How can the inventor establish a fair market value for an invention that has never been marketed?

I wonder, Mr. Moore, if you have any suggestions for us as to how an inventor can gather such evidence to make his case for just compensation. Also, who do you think should have the burden of proof in such claim actions?

There were a lot of questions in that. Generally, I am asking whether you have some suggestions on how you can establish a case for just compensation.

Mr. MOORE. I suggest that they should treat an inventor just as any company on the outside would treat you, but they do not.

In other words, if I go to an explosives company, which I did, they go through it, turn it over to their patent department, and see if the patent has been issued and what is against it.

The way they do it makes you know they do not care. They do not go into the detail that they should.

Mr. PREYER. It may be that if other questions develop as these hearings go forward, we would want to hear from you again.

The whole question of restrictions on information developed independent of Government supervision by scientist, mathematicians, and so forth is certainly a very difficult legal problem, and a very difficult Constitutional problem on which there has not been much guidance.

Before we go into that, we have just heard Dr. Moore testify. I realize that Dr. Moore is currently involved in civil litigation against the Government, and the Department normally does not comment on such ongoing litigation. We have tried to avoid the specifics of the litigation in this hearing and instead to focus on the process of the Invention Secrecy Act.

However, in fairness, since he has testified to some extent about it, does the Department have any general comment it wishes to make on the testimony of Dr. Moore or the problems his testimony highlights?

Mr. Foy. Mr. Chairman, as you point out, I cannot comment about Mr. Moore's case in particular. I think it is clear that the legal procedures established by statute in cases like this do not always do justice in individual cases. I do not know whether that is the case in the case of Mr. Moore.

Regarding the general question of restricting the use of new ideas that might be patented, I do have a couple of general observations which I think should be kept in mind as we consider the equities in case like this one. The first point is that not every new and useful idea is patentable. There are many kinds of new and useful ideas that are not patentable, and no suggestion has ever been made, that I know of, that when a patent is properly denied under our laws, the denial itself amounts to a taking of property that requires compensation.

One way of looking at the Invention Secrecy Act is to look at it in that light. What the Invention Secrecy Act says in effect is that there are some inventions that are too dangerous to be disclosed in the way that a patent normally discloses the invention, and the patent will not issue for such an invention at least for a time.

The second observation I have to make is that even in a case where patent rights can be acquired, they are acquired subject to lawful regulations restricting their use. The classic example of that sort of thing is the case where an individual of a company acquires a patent in a new drug but then is unable to market it and profit by it because the FDA does not find the drug safe and effective and will not allow it to be sold.

I think that is simply an application of the general principle that whenever you or I acquire property, we take it subject to existing, valid regulations restricting its use. If I buy a plot of land, and existing zoning regulations require it be kept in its natural state, I have no claim for loss occasioned by that regulation simply because I wanted to build a shopping center on it.

Those are observations of a general nature. I will be happy to answer any other questions you have.

Mr. PREYER. I think the legal issues here are interesting ones and difficult ones which we will be exploring.

I want to call on our staff counsel to outline a few questions that will give you some indication of the way we would like to proceed in the future with your testimony. Before calling on him, I will first recognize members of the subcommittee if they have questions.

Mr. Evans?

Mr. EVANS. No, Mr. Chairman.

Mr. PREYER. Mr. Kindness?

Mr. KINDNESS. No, Mr. Chairman.

Mr. PREYER. Mr. Drinan?

Mr. DRINAN. No, Mr. Chairman. I just want to thank the witnesses. I regret that I simply could not be here at an earlier time.

Just for my own information, I would ask Mr. Foy if he could describe, at least in general, the inventions that were developed within the FBI and with respect to which the Justice Department asked for secrecy.

Mr. Foy. Mr. Drinan, I do not know what those inventions were, the reason being that they are under a secrecy order. They were developed by employees of the Department in the Federal Bureau of Investigation. That is about all I can tell you.

Mr. DRINAN. All right. It was simply to satisfy my curiosity. I yield back the balance of my time.

Mr. PREYER. Thank you.

Mr. WEISS?

Mr. WEISS. Not at this time, sir. Thank you.

Mr. PREYER. I recognize Mr. Ingram.

Mr. INGRAM. I might follow up on Father Drinan's question. How many secrecy orders are there now in effect, would you say, involving Justice Department—

Mr. FOY. There are three orders that the Justice Department sponsored or requested, and each of them involves an invention or claim that was made by an employee of the Department itself, not by private citizens or others.

Mr. INGRAM. How far back do they go? Were they first invented some years ago?

Mr. FOY. The claims were filed, I believe, in 1952 and in 1953.

I would like to add to the written statement I have submitted with my testimony. There are three existing orders that the Justice Department has requested. In the history of the Invention Secrecy Act there have been more, but they are no longer in effect. However, the Justice Department, for obvious reasons, is not involved in this sort of business and there have not been very many of them.

Mr. INGRAM. The Department is named as a defense agency for the purposes of the Invention Secrecy Act. Is there any need to continue the Department as a defense agency under the act, since its role, practically speaking, has been nonexistent?

Mr. FOY. There may very well not be.

Mr. INGRAM. I see.

As I understand it, one of these inventions may involve an undetectable telephone tap. Is that your understanding, or do you have any knowledge of the three inventions?

Mr. FOY. I just do not know.

Mr. INGRAM. Does the witness wish to elaborate further on that reply?

[No response.]

Mr. INGRAM. One of the difficulties we saw was that of the private inventor, such as Dr. Moore, who will submit something to the Patent Office. It will be classified and the backup documents will be classified. He will not have access to that in formulating a possible case.

The FBI employee, on the other hand, or the Government employees who seeks a patent, may have a distinct advantage over the private inventor. Would the FBI employees, for example, who invented these three inventions currently covered by a secrecy order have access to the relevant materials and backup documents explaining why the secrecy order was issued?

Mr. Foy. I just do not know in those particular cases. They might well know more, simply by virtue of their employment, than a private individual would know, but I would point out that there are judicial procedures available whereby sensitive information can be submitted to a court and determinations made on the basis of it.

The fact that in these cases you do have to deal with sensitive information is a problem, but there may, in some instances, be ways of surmounting it. For example, cleared counsel is a very common device used by the courts these days to handle problems of this kind.

It may be that we need guidance from Congress on this point, but what I am suggesting is that the problems encountered in a case like Dr. Moore's may be ones that can be ameliorated or overcome to some degree by some inventive lawyering or legislation.

Mr. INGRAM. Any thoughts the Department might have further on that would be appreciated.

Let me turn for a minute to the Department of State's International Traffic in Arms Control Regulations, commonly known as ITAR. On May 11, 1978, the Office of General Counsel of the Department of Justice issued a legal opinion on the constitutionality under the First Amendment of ITAR restrictions on public cryptography. The opinion was addressed to Dr. Frank Press, who is the Science Adviser to the President.

It concluded that,

It is our view that the existing provisions of the ITAR are Unconstitutional insofar as they establish a prior restraint on disclosure of cryptographic ideas and information developed by scientists and mathematicians in the private sector.

Your statement does not refer to the OLC opinion and its finding of unconstitutionality of portions of the ITAR. Could you explain why your statement does not include a reference to that opinion?

Mr. Foy. There was no intention on my part to obscure or hide the fact that we issued an opinion. Our opinion was, of course, referred to in your inquiry to the Department.

The remarks in the written statement are addressed to two things that happened after our opinion was issued. If I may back up for a minute and address the opinion itself, the opinion was directed at the broad issue that was raised by the possibility of a broad application of the ITAR regulation. The ITAR regulation is written so broadly that it could be applied in cases in which very serious first amendment problems would be presented.

What happened after our opinion issued was, first, that the ninth circuit, in a case called *Edler*, sharply limited the scope of the ITAR regulation. It said that an individual cannot be punished for failing to comply with the licensing procedure established by the regulation unless, in effect, he knowingly participated in a combination of some sort whereby he provided technical assistance to a foreign enterprise or group knowing that that assistance was going to be used in the manufacture or use of weapons of war.

That is very narrow interpretation of that regulation, and I think it goes a long way to curing the constitutional problems that would be created by an application of the Licensing system to routine publications of scientific ideas in this country.

The second thing that has happened since our opinion is that the State Department itself, through its office of Munitions Control, has issued an interpretation of the regulation which parallels the ninth circuit's view and narrows the effect, ameliorating to some extent the first amendment problems created by the regulation on its face. That is the state of things as I see it.

Mr. INGRAM. What form has the State Department's interpretation taken? Has there been a formal change of the ITAR regulation?

Mr. Foy. The regulation is still in the form it was in when our opinion was issued. The Office of Munitions control has issued a bulletin that explains how it understands the regulation. In fact, it is an interpretation of its regulation. It is a formal public document and I will be happy to provide it for the record.

Mr. INGRAM. If you would, please do.

Mr. PREYER. Without objection, a copy of the bulletin will be included in the record at this point.

[The material follows:]

U.S. DEPARTMENT OF ENERGY

## SECURITY TERMINATION STATEMENT

NAME AND TITLE (or position):	PRESENT EMPLOYER:
FUTURE RESIDENCE:	NAME AND ADDRESS OF FUTURE EMPLOYER:
REASON FOR TERMINATION:	
DATE OF TERMINATION:	

I make the following statement in connection with the forthcoming termination of my security clearance or access authorization granted by the Department of Energy:

1. I have destroyed in accordance with DOE security regulations or transferred to persons designated by the Department of Energy all classified documents and material which I was charged or which I had in my possession.
2. I shall not reveal to any person any Restricted Data, Formerly Restricted Data, or other classified information of which I have gained knowledge except as authorized by law, regulations of the Department of Energy, or in writing by officials of the Department of Energy empowered to grant permission for such disclosure.
3. I am aware that the Atomic Energy Act of 1954 and U.S. Code, Title 18, "Crimes and Criminal Procedures," prescribe penalties for unauthorized disclosure of Restricted Data, Formerly Restricted Data, and other information relating to the national defense.
4. I am aware that I may be subject to criminal penalties if I have made any statement of material facts knowing that such statement is false or if I willfully conceal any material fact (Title 18, U.S. Code, Section 1001).
5. I know that the Department of Energy desires to be informed when former DOE or DOE contractor personnel enter the military service if they have had access to Top Secret information or classified information currently of material sensitivity to the energy R&D program.
6. I understand that the Department of Energy desires to be informed when persons who have been granted DOE access authorization propose to travel to Soviet bloc countries. This does not apply to individuals who obtain DOE access authorization and receive access to Restricted Data or Formerly Restricted Data solely as employees of other Government agencies or their contractors.

*(Normally, an individual will not be asked to forego any travel unless the travel is of such nature as to be considered unwise from the standpoint of personal safety or there are special circumstances existing which would make such travel unwise from the standpoint of the security of the energy R&D program. The DOE's security interest in such travel normally diminishes as the period of access to Restricted Data, Formerly Restricted Data or other classified information becomes more remote.)*

\_\_\_\_\_  
(Signature of Person Conducting Interview)\_\_\_\_\_  
(Signature of Person Whose Access Authorization  
Is Being Terminated)\_\_\_\_\_  
(Title of Position)\_\_\_\_\_  
(Date)

STATEMENT OF ERIC J. FYGI  
DEPUTY GENERAL COUNSEL  
U.S. DEPARTMENT OF ENERGY  
BEFORE THE  
SUBCOMMITTEE ON GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS  
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS  
MARCH 20, 1980

Mr. Chairman, members of the Subcommittee, I am Eric Fygi, Deputy General Counsel, and I will continue DOE's testimony in regard to use by DOE of the Invention Secrecy Act and the Atomic Energy Act. In DOE, the General Counsel's office is responsible for the review of patent applications covering inventions made available by the U.S. Patent and Trademark Office (PTO) to DOE for inspection to determine whether the publication or disclosure of the invention would be detrimental to the national security, and whether secrecy orders should be imposed.

The Subcommittee inquired as to how DOE utilizes and implements the Invention Secrecy Act and the Atomic Energy Act in regard to the application of secrecy orders and the treatment of classified inventions. In particular, inquiry was made as to the overlapping nature of these two Acts and the distinction between the powers conveyed under them.

There is substantial overlap in both the function and application of the Invention Secrecy Act and the Atomic Energy Act. Subsection 151c of the Atomic Energy Act of 1954 (42 USC 2181c) requires any person who makes an invention or discovery useful in the production or utilization of special nuclear material or atomic energy either to report such invention or discovery to DOE or to the Commissioner of the PTO through the filing of a patent application. Subsection 151d requires the PTO to disclose such patent applications to DOE. The purpose of Section 151 is, in part, to

provide for review of such inventions to determine their classification as Restricted Data. Any invention reported to either DOE or the PTO found to contain Restricted Data will be classified in accordance with Chapter 12 of the Atomic Energy Act.

Paralleling the Atomic Energy Act, the Invention Secrecy Act (35 USC 181-188) allows the PTO to disclose patent applications believed to have classified subject matter to defense agencies, including DOE. The details of the PTO's process for making these inventions available and for the application of secrecy orders under Section 181 have been recently described to this Subcommittee in the testimony of the Assistant Commissioner of Patents, Honorable Rene Tegtmeyer. Both the Invention Secrecy Act as implemented by the PTO, and the Atomic Energy Act, provide somewhat different but similar restrictions for the handling of inventions or patent applications classified as Restricted Data or placed under secrecy order.

The secrecy order requires the applicant, before disclosing to others, to obtain permission from the PTO, which in turn forwards the request to the agency sponsoring the secrecy order. This enables DOE to determine if proper security clearances have been obtained. Violation of the secrecy order by the applicant subjects him to criminal penalties (35 USC 186), and may result in the invention being held abandoned (35 USC 182). Restricted Data must be handled in the manner provided for in Chapter 12 of the Atomic Energy Act and DOE Order 5650.2, dated December 12, 1978. If Restricted Data is handled in violation of these requirements, the applicant is also subject to penalties as provided in Chapter 18 of the Atomic Energy Act. A patent application circulating under secrecy order within DOE but not

bearing any security markings is handled as if it contains information classified at not less than the level of "Confidential."

Finally, the Invention Secrecy Act in Section 183 provides that the owner of any invention who is damaged by the application of a secrecy order may obtain compensation from the Federal Government. There is no parallel provision in the Atomic Energy Act for compensation resulting from the classification of an invention as Restricted Data.

As to your inquiry regarding patent applications in which the Government has rights because it was made or conceived by an employee or under a contract or subcontract, such applications which contain Restricted Data are filed by DOE with the appropriate classification markings under cover of a DOE letter requesting that a secrecy order be imposed thereon. Patent applications have been filed on classified inventions generated by employees or under our contracts dating back to the days of the Office of Scientific Research and Development (OSRD) established in 1941 and continuing with the Atomic Energy Commission (AEC) and its successor agencies, the Energy Research and Development Administration (ERDA) and now DOE.

With respect to privately developed inventions and patent applications filed in the PTO, the PTO refers these applications to DOE under Section 151d of the Atomic Energy Act (42 USC 2181d) and Section 181 of the Invention Secrecy Act. When such a patent application bears no security markings, but is found to contain Restricted Data by DOE, a request for issuance of a secrecy order is made to the PTO.

In specific response to the inquiries for statistical information, we have sponsored 1,117 secrecy order renewals in the last year. Of these, 924 were issued on OSRD/AEC/ERDA/DOE generated inventions under Government ownership. Of the remaining 193, 117 were issued at the request of foreign governments under mutual security agreements. The other 76 renewals were on privately owned patent applications.

Of those patent applications not owned by DOE on which renewals have been issued, the average age is 8 years for those secrecy orders requested by foreign governments, and 11 years for the secrecy orders on privately owned applications. In view of the large numbers of DOE-owned patent applications involved, we have provided the requested information by age of the secrecy orders in a particular time period in the following ten-year intervals:

<u>TIME PERIOD</u>	<u>SECRECY ORDER RENEWALS</u>
1940 - 1950	223
1950 - 1960	79
1960 - 1970	260
1970 - 1980	362

DOE has requested the PTO to issue new secrecy orders in the last five years as follows:

<u>YEAR</u>	<u>APPLICATIONS ON DOE GENERATED INVENTIONS</u>	<u>OTHER APPLICATIONS</u>	<u>TOTAL</u>
1979	14	6	20
1978	15	3	18
1977	35	15	50
1976	34	4	38
1975	60	11	71

Regarding the question of whether DOE sponsors secrecy orders on non-Restricted Data inventions, we sponsor many such secrecy orders on our own patent applications covering inventions that are not Restricted Data but contain National Security Information. As you know, Executive Order 12065 does not permit classification of non-government research and development as National Security Information unless (a) it reveals classified information to which the producer was given prior access, or (b) the government acquires a proprietary interest in the product. Accordingly, the Department presently sponsors no secrecy orders on privately owned patent applications that do not contain Restricted Data.

In regard to DOE procedures for evaluating requests from inventors for compensation under the Atomic Energy Act, Section 157 of the Atomic Energy Act (42 USC 2187) provides for the designation of a Patent Compensation Board to consider applications for compensation, awards and royalties based upon claims under the Atomic Energy Act. In addition, the Board has been given authority to consider claims based upon the Invention Secrecy Act (35 USC 183). Since its inception, the Board has considered 40 applications. Thirty-eight of the 40 applications were for awards and just compensation under the Atomic Energy Act. Two applications of the 40 included claims for compensation because of PTO secrecy orders. In the first application, the Board found the claim without merit. In the second application, claims were made for compensation and award under Sections 151, 153 and 157 of the Atomic Energy Act of 1954, as well as under 35 USC 183. The claim was settled for \$120,000, and all rights in and to the invention were assigned to the Government without stipulation of which of the several allegations were relevant to the settlement.

RICHARDSON PREYER, H.C., CHAIRMAN  
 ROBERT F. DRISCOLL, MASS.  
 GLENN ENGLISH, DELA.  
 DAVID W. EVANS, IND.  
 PETER H. ROSSMAYER, PA.  
 TED WEISS, N.Y.

NINETY-SIXTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
 GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS  
 SUBCOMMITTEE  
 OF THE  
 COMMITTEE ON GOVERNMENT OPERATIONS  
 RAYBURN HOUSE OFFICE BUILDING, ROOM B-349-B-C  
 WASHINGTON, D.C. 20515

April 28, 1980

Mr. Eric J. Fygi  
 Deputy General Counsel  
 Department of Energy  
 1000 Independence Avenue, S.W.  
 Room 6A245  
 Washington, DC 20585

Dear Mr. Fygi:

The Subcommittee on Government Information and Individual Rights would like to pose some questions in connection with your testimony at its March 20 hearing on the ability of the Government to classify, restrict or assert ownership rights over privately generated data.

Please answer the following questions:

1. On the question of DOE sponsorship of secrecy orders on non-Restricted Data inventions (p. 5 of your prepared statement), you cited provisions of Executive Order 12065 and said, "Accordingly, the Department presently sponsors no secrecy orders on privately owned patent applications that do not contain Restricted Data." However, the same paragraph of EO12065 you pointed to declares that the order does not affect the provisions of 35 U.S.C. 181-188 (the Invention Secrecy Act). Please explain:
  - a. Why does DOE take EO12065 into account in deciding whether or not to sponsor a secrecy order on a privately owned patent application? Why does DOE sponsor secrecy orders on privately owned patent applications only if they contain Restricted Data? What was DOE's practice in such cases before EO12065 went into effect?
  - b. When DOE imposes a secrecy order on a privately owned patent application that does not contain Restricted Data, is it classifying the information in the application? Is it acquiring a proprietary interest in

-2-

Mr. Eric J. Fygi  
 April 28, 1980

the application? Is it acquiring a property interest in the application?

- c. How does DOE acquire a property interest in a patent application within the meaning of the Invention Secrecy Act? How does it (or can it) acquire a proprietary interest in a patent application? How does it acquire a proprietary interest in "a product of non-government research and development" within the meaning of EO12065?
2. The DOE patent security category review list was filed with the Commissioner of Patents and Trademarks by the Energy and Research and Development Administration in April 1976. When the Patent Office refers a privately owned patent application that, in its opinion, discloses an invention covered by DOE's subject category list (e.g. materials, apparatus and methods utilizing radioactive sources in medicine), which does DOE determine first: whether it contains Restricted Data, or whether it merits a secrecy order? When DOE rescinds a secrecy order on a privately owned patent application, does the rescission itself declassify the application or does that require a second and discrete action? Could DOE then trans-classify or reclassify that application?
3. In discussion of compensation cases, you mentioned (p. 43 of transcript) a court of claims opinion in which the judgment was that, in the facts of the case, there had not been such an encroachment upon the claimant's property rights to amount to a compensable taking. Please furnish us a copy of that opinion.
4. In response to a question (p.40-42 of transcript), you said that DOE reads the 1954 Act as declaring that "there was to be no such private proprietary interest in weapon design information," and later noted that issues arise "in the context of information which is Restricted Data but is not necessarily directly related to weapons design." Please expound this distinction. How could Congress amend the 1954 Act to resolve these issues?

Thank you for your helpful testimony on March 20, and for answering these follow-up questions. Your prompt reply would be most appreciated.

Cordially,

Richardson Preyer  
 Chairman



Department of Energy  
Washington, D.C. 20585

23 JUN 1980

Honorable Richardson Preyer  
Chairman, Subcommittee on Information  
and Individual Rights  
Committee on Government Operations  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

Your letter of April 28 raised a series of questions suggested by the Subcommittee's March 20 hearing on the Government's ability to classify or assert ownership rights over privately-generated information.

You observe correctly that Executive Order 12065 does not, by its terms, affect the provisions of the Invention Secrecy Act, 35 U.S.C. 181-188. That order nonetheless did, by expressly exempting privately-generated information from classification under the order, indicate that executive agencies should employ particular restraint in considering whether to impose restrictions that the law may permit -- rather than require -- over dissemination of privately-generated information.

The practice of this Department's predecessors appears to have been consistent with this policy. While the relevant files are neither organized nor indexed to facilitate retrieval of those of our patent files involving secrecy orders, the individuals who administer these matters have advised me of only one instance during the last 14 years in which this Department's predecessors sponsored a secrecy order on a privately-developed invention that did not contain Restricted Data. The circumstances of that case involved information bearing directly on the functions and responsibilities of this Department.

The next questions posed in your letter are difficult to address because they imply rules of general applicability that might be suggested by extremely infrequent occurrences. It does not appear to me, though, that the sponsorship of a

secrecy order under 35 U.S.C. 181 necessarily entails the judgment that the information sought to be protected is perforce classified under the pertinent Executive Order. The legislative history of the Invention Secrecy Act, while rather sparse, suggests that secrecy orders were intended to be issued in a variety of circumstances not confined to the Executive Orders prescribing classification standards, such as inventions originating in foreign countries whose governments, of course, apply their own standards in determining what technical information requires protection from widespread dissemination. Nor do I believe that, by sponsoring a secrecy order under 35 U.S.C. 181, an agency necessarily is taking, in the Constitutional sense, a "proprietary" or a "property" interest in the patent application, even if the applicant is eligible for compensation under 35 U.S.C. 183. See Farrand Optical Co. v. United States, 325 F. 2d 328, 335-37 (2d Cir. 1963).

Normally this Department acquires a property interest, as that term is used in the Invention Secrecy Act, in an invention under the terms of the contracts under which the Department provides financial assistance for research and development activities. Such contract clauses reflect the statutory policy common to both the Atomic Energy Act and the Federal Nonnuclear Energy Research and Development Act that title to inventions conceived in the course of performing such contracts vests in the United States. Other means by which this Department could acquire such a property interest would include purchase of a license or an invention itself, or by exchanges of such rights made to settle litigation. These latter categories could include products of "non-government research and development" within the meaning of Executive Order 12065.

When the Patent Office refers to this Department a privately-owned patent application for review under the Invention Secrecy Act, the first -- and in nearly every instance the only -- matter considered is whether the application contains Restricted Data under the Atomic Energy Act. In every instance of a privately-owned application, save the one example I mentioned previously, that determination is dispositive of whether this Department will sponsor a secrecy order under the Invention Secrecy Act. The one example involved an invention that, while not containing Restricted Data, did have significance in the field of space nuclear power systems.

Your questions regarding the effects of rescission of a secrecy order require a brief explanation of the process whereby declassification decisions are made under the Atomic Energy Act. As you are aware, section 114 of the Atomic Energy Act, 42 U.S.C. 2014(y), defines Restricted Data, and elsewhere the Act prohibits disclosure of such information. The definition itself, though, excludes information otherwise within the statutory formulation but which the Secretary of this Department has concluded may be publicly disseminated without undue risk to the common defense and security.

As the statutory scheme suggests, that determination is highly judgmental and requires fine weighing of scientific and other policy considerations. In this Department the authority originally to declassify Restricted Data has not been delegated below the Assistant Secretary level.

When the original declassification decision has been made, subordinate officials within the Department are authorized to apply that decision to documents in the Department's custody. Such subsequent decisions are not so much "declassification" decisions as they are determinations that a given document contains information that previously was judged by the Assistant Secretary no longer to require protection as Restricted Data. The nature of such subsequent determinations is largely technical and scientific.

Once the Assistant Secretary has made such an original declassification decision, I doubt that it could be subsequently reconsidered and the class of information involved reclassified under the Atomic Energy Act. As I described above, the original declassification decision sets in train a process that can alter the status of thousands of documents, with the effect that the information originally declassified rather promptly can arrive in the public domain. The Atomic Energy Act itself is silent on any authority to reclassify as Restricted Data information previously and correctly declassified, and the factual consequences of an original declassification decision seem incompatible with any subsequent attempt to reclassify as Restricted Data the same information. These observations are directed, of course, to proper exercise of judgment and statutory authority to declassify by the officer empowered to make such decisions, and not to instances whereby through clerical or similar error a document containing Restricted Data that has never been originally declassified is nonetheless marked and treated as though it were unclassified.

Applying these principles to the particular questions you posed, first the rescission of any secrecy order imposed pursuant to the Invention Secrecy Act does not itself declassify the information contained in the patent application. In actual practice the sequence would be the reverse; that is, the secrecy order would be rescinded only after the original determination had been made that the Restricted Data contained in the application no longer requires protection and may be publicly disseminated without undue risk to the common defense and security. If the rescission of the secrecy order were made in conformity with a proper original declassification decision by the Assistant Secretary, then I doubt that the information in any application so declassified could be subsequently reclassified as Restricted Data. It would not appear possible, moreover, for the information contained in such an application to be so removed from the Restricted Data category but retain a classification as national security information under Executive Order 12065, for the Atomic Energy Act limits the circumstances in which former Restricted Data can retain its character as sensitive defense information. See 42 U.S.C. 2162(d), (e).

Finally, you request that I augment the remarks that I made during the hearing in which I observed that, while Congress in 1954 determined that nuclear weapon design information would not be susceptible of private ownership as intellectual property protected by the patent laws, closer compensation questions can arise in the context of information which is Restricted Data but is not necessarily related to weapon design.

This distinction arises from the Atomic Energy Act itself. In addition to information concerning the design, manufacture, or utilization of atomic weapons, section 114 of the Act includes in the definition of Restricted Data "all data" concerning the production of special nuclear material (elsewhere defined as plutonium, uranium enriched in its fissionable isotopes, and similar material), and the use of special nuclear material in the production of energy. See 42 U.S.C. 2014(y). Section 151 of the Act, however, forecloses from patentability only inventions "useful solely" in an atomic weapon or, as to inventions admitting of multiple uses, "to the extent that such invention" is useful in atomic weapons. See 42 U.S.C. 2181(a), (b). This approach continued the patentability of a variety of inventions that might contain Restricted Data not directly useful in atomic weapons. Examples of inventions containing Restricted Data but that are nonetheless patentable would include inventions relating to nuclear vessel propulsion systems and the technology of enriching uranium or producing plutonium.

This survey of our experience with Restricted Data and application of the Invention Secrecy Act does not suggest to me any clear direction in which the Congress might consider amending the Atomic Energy Act. On the contrary, both statutes appear, through the compensation provisions of the Invention Secrecy Act and the compensation and award authorities of the Atomic Energy Act, to provide the tools necessary to mitigate or avoid the adverse and possibly unfair economic consequences to patent applicants whose privately-developed inventions might include Restricted Data. Should any amendment to the Atomic Energy Act in this area be introduced, this Department would consider it carefully and I expect that our analysis of any such proposal would be more concrete than these responses to the general questions posed in your letter.

As you requested, I am enclosing a copy of the Trial Judge's opinion in *Radioptics, Inc. v. United States*, 204 USPQ 866 (1979), along with the decision of the Court of Claims adopting the Trial Judge's conclusion. I hope this information will be helpful to you and to the Subcommittee.

Sincerely,



Eric J. Fygi  
Deputy General Counsel

Enclosures

## In the United States Court of Claims

No. 369-75

(Decided April 30, 1980)

RADIOPTICS, INC. v. THE UNITED STATES

*William F. Dudine, Jr.*, attorney of record, for plaintiff.  
*Darby & Darby*, of counsel.  
*Donald E. Townsend*, with whom was *Assistant Attorney General Alice Daniel*, for defendant. *Richard J. Webber*,  
*Thomas J. Byrnes* and *Robert Marchick*, of counsel.

Before COWEN, *Senior Judge*, DAVIS and BENNETT, *Judges*.

### OPINION

PER CURIAM: This case comes before the court on the parties' exceptions to the recommended decision of Trial Judge Francis C. Browne, filed April 12, 1979, pursuant to Rule 134(h), having been submitted on the briefs and oral argument of counsel. Upon consideration thereof, since the court agrees with the trial judge's recommended opinion and conclusion, as hereinafter set forth,\* it hereby adopts the same as the basis for its decision in this case. It is therefore

\* The court does not adopt the trial judge's separate findings of fact but his adopted recommended opinion contains such facts as are necessary to the decision.

Even though it is out and published, if it was published by somebody who may not know, that is a much less worrisome situation than if you classify it, which would lead to its authentication by a knowledgeable person.

But to return to the Teller issue, I am not sure what the two sides of the argument may have been at the time. I think that there is not a large enough data base to assess whether or not over the years there has been any systematic discrimination based on the prestige of the person involved. I just don't know how to assess that. My experience leads me to believe that there has not been.

Mr. WEISS. You raised the other side of it which is shown by the apparent fact that in the Teller case the Government, or some representative, looked at that article and diagram, knew it presented problems, and made the decision to let it lie. Wouldn't you think that for the same reasons the better part of wisdom would have been to allow the same thing to happen in the Morland situation rather than the Government itself disclosing all this buttressing material which removes any question as to whether or not this man is merely guessing or if it is for real?

Dr. WAGNER. I think you put your finger on the fundamental decision that had to be made at the time. There is more involved in the Morland case than just the Teller-like diagram. I am sure that that weighed on the side of taking unusual action, that is, setting aside the "no comment" approach and actually following the course that was followed. So it clear to me that they are in fact parallel.

Mr. WEISS. Thank you, Mr. Chairman.

Mr. PREYER. Thank you very much, Dr. Wagner. We appreciate your being here today. We wish to thank all of the witnesses for their testimony today.

The committee will stand in recess until the call of the Chair. [Whereupon, at 1:17 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

## THE GOVERNMENT'S CLASSIFICATION OF PRIVATE IDEAS

THURSDAY, AUGUST 21, 1980

HOUSE OF REPRESENTATIVES,  
GOVERNMENT INFORMATION  
AND INDIVIDUAL RIGHTS SUBCOMMITTEE  
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2203, Rayburn House Office Building, Hon. Richardson Preyer (chairman of the subcommittee) presiding.

Present: Representatives Richardson Preyer, Robert F. Drinan, David W. Evans, and M. Caldwell Butler.

Also present: Representative Paul N. McCloskey, Jr.

Staff present: Timothy H. Ingram, staff director; Gerald Sturges, professional staff member; Euphon Metzger, clerk; and Thomas G. Morr, minority professional staff, Committee on Government Operations.

Mr. PREYER. The committee will come to order. This is the third day of hearings by the subcommittee on the ability of the Government to classify, restrict, or assert ownership rights over privately generated information—the policy issue highlighted by the Progressive magazine case.

Today's hearing will explore the interlock between invention secrecy orders, atomic energy restricted data, and the national security information system.

Since its inception in 1940, the Armed Services Patent Advisory Board has requested more than 41,000 secrecy orders on patent applications. About 3,500 new and renewed secrecy orders are in force today—the lowest number since the summer of 1951.

One thing we hope the Pentagon witness team will make crystal clear this morning is how and why defense agencies classify patent applications as national security information before they request a secrecy order pursuant to the Invention Secrecy Act.

We will also explore the Department of Energy's use of national security information in conjunction with the Invention Secrecy Act and the Atomic Energy Act, and are pleased to have with us testifying again, the DOE Assistant Secretary for Defense Programs, Mr. Duane Sewell.

I might note that Mr. Sewell has given us—as we requested—a sanitized version of the "Study on Government Control of ICF Research"—that is, the so-called Moe report on inertial confinement fusion activities. However, this unclassified version has been marked, "Official Use Only," despite this subcommittee's aversion to the use of administrative markings to limit the distribution or

utility of unclassified information. We will take up this matter a bit later.

Our witnesses from the Defense Department are headed by Richard Sciascia, Chairman of the Armed Services Patent Advisory Board. Mr. Sciascia, I welcome you, and will ask you to introduce the other departmental witnesses, but I wish to express my regret that the Office of the Secretary of Defense is not represented here this morning, inasmuch as the principal authority for invention secrecy is vested in Defense Secretary Harold Brown.

Mr. Sciascia, it is the custom of the committee to swear in witnesses in fact-finding hearings. If you and anyone accompanying you who will be answering questions will stand, I will administer the oath.

Do you and each of you solemnly swear that the testimony you are about to give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCIASCIA. I do.

Colonel HOUGEN. I do.

Mr. SINGER. I do.

Mr. NIEMAN. I do.

Mr. PREYER. Mr. Sciascia, we will recognize you at this time. Perhaps first you would introduce your associates.

**STATEMENT OF RICHARD SCIASCIA, CHAIRMAN, ARMED SERVICES PATENT ADVISORY BOARD, DEPARTMENT OF DEFENSE; ACCOMPANIED BY LT. COL. HOWARD M. HOUGEN, INTELLECTUAL PROPERTY DIVISION, OFFICE OF JUDGE ADVOCATE GENERAL, DEPARTMENT OF THE ARMY; DONALD J. SINGER, PATENTS DIVISION, OFFICE OF JUDGE ADVOCATE GENERAL, DEPARTMENT OF THE AIR FORCE; AND FRANK G. NIEMAN, PRINCIPAL PATENT STAFF ATTORNEY, OFFICE OF NAVAL RESEARCH, DEPARTMENT OF THE NAVY**

Mr. SCIASCIA. Mr. Chairman, thank you for the opportunity to address you and your subcommittee. With me today are Lt. Col. Howard M. Hougen, Intellectual Property Division, Office of the Judge Advocate General, Department of the Army, my predecessor as Chairman of the ASPAB; Donald J. Singer, Acting Chief, Patents Division, Office of the Judge Advocate General, Department of the Air Force; and Mr. Frank G. Nieman, Principal Patent Staff Attorney, Office of Naval Research, Department of the Navy.

Mr. Chairman, with respect to your regrets regarding someone from the Office of the Secretary of Defense being here, the responsibility for administering and processing matters under the Invention Secrecy Act has been delegated down through the Secretaries of the services and to this Board, and in past history, if you will look at what has happened during the late 1940's and early 1950's, witnesses before congressional subcommittees and committees were approximately at the level of the personnel here. What I would like to do is to give you an idea as to how we operate. Under the provisions of chapter 17 of title 35, United States Code, the Secretary of Defense and the heads of other designated agencies have authority to cause a secrecy order to be imposed on patent applications pending in the United States Patent and Trademark Office (PTO). Within the Department of Defense, this authority has been

delegated by directive to the Secretaries of each of the military departments. They in turn have redelegated their authority to their respective sections of the ASPAB. The ASPAB is composed of an Army section, a Navy section, and an Air Force section. Each section comprises four members and a similar number of alternates. The ASPAB elects its Chairman. The ASPAB is under the management control of the Department of the Army, which furnishes the Secretary of the ASPAB. The three men with me represent the three sections of the Board.

When the ASPAB was created, the National Security Agency was not in existence. It has therefore not been represented in ASPAB membership. The Office of the Judge Advocate General of the Army has acted on behalf of the agency.

The ASPAB represents the Secretary of Defense in the secrecy order process. Recommendations to impose, modify, renew, or rescind secrecy orders are made by members of the ASPAB to the Secretary of the ASPAB. The ASPAB Secretary then transmits the official recommendation of the Board to the Commissioner of Patents and Trademarks.

When a secrecy order is imposed, the PTO continues to examine the patent application in a routine manner, using special patent examiners who have security clearances. The patent applicant and his representatives are cautioned against disclosure of the contents of the application to new persons. When the normal examination results in a determination that the application is in "condition for allowance" to be issued as a patent, further action on the patent application is held in abeyance until the secrecy order is rescinded.

Secrecy orders are imposed on three basic categories of patent applications which have been filed in the PTO.

The first category includes those applications in which the Government has a property interest. This would include inventions made by Government employees either as part of their normal duties or on their own behalf, on which patent applications have been filed by the Government. It also includes inventions made by Government contractors during performance of their contractual duties. When the Government has a property interest in an application, the security classification of the patent application document determines whether it should be placed under secrecy order. If a patent application is properly classified under the provisions of Executive Order 12065, then disclosure of the contents of the application would clearly be detrimental to national security. Such applications are prepared with appropriate classification markings. It follows that such patent applications must be placed under secrecy order.

The military departments initiate the imposition of secrecy orders on patent applications in which the Government has a property interest, without any preliminary action by the PTO. At some time during early stages of patent prosecution, the military department prosecuting the application or monitoring the contract submits a request to the Secretary of the ASPAB, who transmits to the Commissioner of Patents and Trademarks the ASPAB recommendation to impose a secrecy order on the application.

A second major category includes patent applications filed by foreign applicants, which have been placed under secrecy order in

the applicants' home countries. Under bilateral agreements with a number of allied countries or the multilateral agreement with members of the North Atlantic Treaty Organization, there is a procedure for mutual filing of patent applications which have been placed under secrecy orders. In each of these countries, there is a secrecy order system, similar to that existing in the United States. When the country of origin has determined that a patent application can be filed in the United States provided the application is maintained under secrecy, the patent application is forwarded through diplomatic channels to the applicant's representatives in the United States for preparation of a U.S. patent application. The ASPAB arranges for such representatives to receive industrial security clearance for handling classified information. When such an application has been filed in the United States PTO, it will normally bear security markings identifying the security status imposed by the government-of-origin. These foreign applications may be government-owned or, as is more likely the case, privately owned. Upon the request of the government-of-origin or the individual applicant, the Secretary of the ASPAB transmits to the Commissioner a recommendation to impose a secrecy order in compliance with the international agreements. This category makes up approximately one-fourth of the ASPAB-sponsored secrecy orders.

The third category of patent application with which the ASPAB is concerned produces the smallest number of secrecy orders but creates the greatest problem as far as the public view of invention secrecy is concerned. This category comprises patent applications in which the Government has no property interest, which are filed by corporations or private individuals.

The ASPAB has provided the PTO with a Patent Security Category Review List. This document is classified, and a copy has been provided to this committee separately. Certain categories of inventions have been identified on the list as being of interest to particular military departments or subdivisions thereof. When a patent application which does not contain classified markings or other indication of a government property interest is received by the PTO, it is screened by patent examiners for comparison with the ASPAB list. If the subject matter of the application appears to correspond to an item on the list, a microfiche of the patent application is prepared and sent to each military department which has indicated an interest in that particular category of subject matter. Within the department, the single microfiche may be circulated to one or more offices. The application is forwarded to individuals having technical expertise in a particular area for a determination whether the publication or disclosure of the information in the application would be detrimental to the national security. Each individual who reviews the patent application must sign an access acknowledgement sheet, which becomes part of the official PTO record.

Publication or disclosure of a patent application may be determined to be detrimental to national security either because of the claimed subject matter of the invention or because of other matters contained in the patent application. That is, an inventor may have devised a new explosive device or guidance system which in itself would have been classified had it been generated by military de-

partment research, and mere disclosure of the invention details could be injurious. In another case, disclosure of a particular invention may not itself be objectionable, but the portion of the application discussing the use of the invention may incidentally describe the method of operation of a weapons system, where the publication of those details would be detrimental to national security. This is somewhat common where the invention has been made by inventors who have worked in other situations with classified government information.

The military departments conducted a total of 4,479 reviews of newly filed, privately owned patent applications during fiscal year 1979. Some applications were reviewed by a single department. Others were reviewed by two or three departments, depending on the technology involved. A total of 227 secrecy orders were imposed as a result of ASPAB activity during fiscal year 1979; this was the total number of secrecy orders imposed in all three categories of inventions. The greatest number of applications were those in which the Government has a property interest. Approximately 25 percent of the secrecy orders involved foreign-origin cases. The Commissioners of Patents and Trademarks has estimated at different times that approximately 10 to 20 percent of secrecy orders are imposed on cases in which the Government has no property interest.

Incidentally a recent check with the Patent Office indicated that the figure is closer to 20 percent.

The time required to review a patent application includes the time involved in initial screening by the PTO as well as the time involved in actual review by the defense agencies. Attached is a chart indicating the percentage of cases which are 3 to 6 months old when received initially from the PTO and the percentage which are more than 6 months old. For these cases, it is unlikely, and in some cases impossible for the defense agencies to complete their review and impose a secrecy order within 6 months. This 6-month time limit is critical in the case of foreign patent applications filed by U.S. inventors. Unless the inventor has had a U.S. patent application on file in the PTO for at least 6 months, he cannot file a foreign patent application relating to the invention without first obtaining a foreign-filing license from the Commissioner. See section 184. After he has had the application on file for 6 months, he can file anywhere in the world without any further permission, unless a secrecy order has previously been imposed. If the defense agencies have not had time to review the application under the normal review process, the applicant is allowed to file patent applications in any foreign country. Such filing, with its attendant publication during the process of granting the foreign patent, may be detrimental to the national security.

The administrative problem has been brought to the attention of the PTO, which is trying to reduce this consumption of time. If that delay is not reduced substantially or the 6-month provision is not increased to reflect administrative realities, there could be a serious injury to the national security because of the inability of the defense agencies to cause a secrecy order to be imposed on time.

The sponsoring military departments have procedures for review of secrecy orders to determine whether the order can be rescinded. During fiscal year 1979, secrecy orders were rescinded on 419 applications. There has been a steady downward trend in the total number of secrecy orders in effect during recent years.

With the advent of the National Emergencies Act—90 Stat. 1244, Public Law 94-412—effective March 14, 1979, it became necessary to review all secrecy orders on an annual basis for potential renewal. Annual review has continued on a regular basis. Under the annual review procedure, the rescission rate has continued to be higher than the imposition rate. Approximately 2,200 cases were under ASPAB-sponsored secrecy orders at the end of fiscal year 1979. Thus, there were about 2,200 annual reviews during the year.

When a sponsor determines, as a result of either annual or other review of a secrecy order, that an application no longer needs to be maintained under secrecy order, rescission of the secrecy order is recommended. Under the ASPAB charter, the patent application must then be circulated among the other ASPAB members for their individual consideration whether the secrecy order should be rescinded. If another department desires continuance of the secrecy order, that ASPAB member assumes sponsorship of the secrecy order. This occurs on occasion, particularly when the different departments are involved in different areas of research regarding defense systems. When each member has agreed to rescission of the secrecy order, the Patent and Trademark Office is notified accordingly, and the secrecy order is rescinded.

If the case is a foreign-origin case, the recommendation for rescission will normally come from the foreign government. Under the several international agreements, both the originating government and the receiving government normally must concur in order to permit rescission of the secrecy order on a foreign-origin application.

An applicant whose application has been put under secrecy order is permitted under the rules of the Patent and Trademark Office, to apply for a modification of the secrecy order. Such modifications may include permission to make disclosure of the contents of the application to certain categories of individuals or permission to file identical applications in selected foreign countries. Such requests are reviewed by the agencies to determine whether the requests should be granted. If a patent application is to be filed in a country which is obligated by agreement to maintain it under secrecy, it would be fairly common to permit such foreign filing. Permits to allow disclosure of the invention to representatives of the Government for potential marketing of the invention are routinely granted at the time of imposition of the secrecy order.

Under the statute, an applicant whose patent has been withheld by reason of a secrecy order can file an administrative claim against the military department which caused the order to be issued. The claim can be based on the damages caused by the imposition of the order and on use of the invention by the Government resulting from the applicant's disclosure. The ASPAB is not directly involved in processing of administrative claims. Such claims are filed with the particular department which requested imposition of the secrecy order. Most of the ASPAB members are

assigned to the same offices which process the administrative claims, and they become involved in such claims as a result of their other duties. A list of claims involving the military departments in which damages caused by a secrecy order have been in issue was previously forwarded to this committee.

The chairman's letter of August 12, inviting this testimony, posed several specific questions. Specific responses to those questions are set forth in the attachment which I will read.

*Question.* What role does the Central Intelligence Agency play in implementation of the Invention Secrecy Act (ISA)?

*Response.* It is a government agency within the provisions of the first paragraph of section 181 and the following sections.

Mr. PREYER. If I might interrupt, Mr. Sciascia, we do have a vote on the floor, and I would like to recess for about 10 minutes. Does the committee feel that it is essential for him to read the questions and answers into the record here? I do not believe it is necessary for you to do that. We may have some questions to expand a little further on some of those questions and answers. We appreciate your testimony.

[Mr. Sciascia's prepared statement and submissions to subcommittee questions follow:]

Prepared Statement of the Armed Services Patent Advisory Board (ASPAB), Department of Defense, before the Government Information and Individual Rights Subcommittee of the House Committee on Government Operations.

Mr. Chairman:

Thank you for the opportunity to address you and your Subcommittee.

I am Richard S. Sciascia, Field Patent Director, Office of Naval Research and Chairman of the Armed Services Patent Advisory Board or ASPAB, as it is more commonly known.

With me today are Lieutenant Colonel Howard M. Hougen, Intellectual Property Division, Office of The Judge Advocate General, Department of the Army, my predecessor as Chairman of the ASPAB, Donald J. Singer, Acting Chief, Patents Division, Office of The Judge Advocate General, Department of the Air Force and Mr. Frank G. Nieman, Principal Patent Staff Attorney, Office of Naval Research, Department of the Navy.

Under the provisions of Chapter 17 of Title 35, United States Code, the Secretary of Defense and the heads of

other designated agencies have authority to cause a secrecy order to be imposed on patent applications pending in the United States Patent and Trademark Office (PTO). Within the Department of Defense, this authority has been delegated by directive to the Secretaries of each of the military departments. They in turn have redelegated their authority to their respective sections of the ASPAB. The ASPAB is composed of an Army Section, a Navy Section, and an Air Force Section. Each Section comprises four members and a similar number of alternates. The ASPAB elects its Chairman. The ASPAB is under the management control of the Department of the Army, which furnishes the Secretary of the ASPAB. The three men with me represent the three sections of the Board.

When the ASPAB was created, the National Security Agency was not in existence. It has therefore not been represented in ASPAB membership. The Office of The Judge Advocate General of the Army has acted on behalf of the Agency.

The ASPAB represents the Secretary of Defense in the secrecy order process. Recommendations to impose, modify, renew, or rescind secrecy orders are made by members of the ASPAB to the Secretary of the ASPAB. The ASPAB Secretary then

transmits the official recommendation of the Board to the Commissioner of Patents and Trademarks.

When a secrecy order is imposed, the PTO continues to examine the patent application in a routine manner, using special patent examiners who have security clearances. The patent applicant and his representatives are cautioned against disclosure of the contents of the application to new persons. When the normal examination results in a determination that the application is in "condition for allowance" to be issued as a patent, further action on the patent application is held in abeyance until the secrecy order is rescinded.

Secrecy orders are imposed on three basic categories of patent applications which have been filed in the PTO.

The first category includes those applications in which the Government has a property interest. This would include inventions made by government employees either as part of their normal duties or on their own behalf, on which patent applications have been filed by the Government. It also includes inventions made by government contractors during performance of their contractual duties. When the Government has a property interest in an application, the

security classification of the patent application document determines whether it should be placed under secrecy order. If a patent application is properly classified under the provisions of Executive Order 12065, then disclosure of the contents of the application would clearly be detrimental to national security. Such applications are prepared with appropriate classification markings. It follows that such patent applications must be placed under secrecy order.

The military departments initiate the imposition of secrecy orders on patent applications in which the Government has a property interest, without any preliminary action by the PTO. At some time during early stages of patent prosecution, the military department prosecuting the application or monitoring the contract submits a request to the Secretary of the ASPAB, who transmits to the Commissioner of Patents and Trademarks the ASPAB recommendation to impose a secrecy order on the application.

A second major category includes patent applications filed by foreign applicants, which have been placed under secrecy order in the applicants' home countries. Under bilateral agreements with a number of allied countries or the multilateral agreement with members of the North Atlantic

Treaty Organization, there is a procedure for mutual filing of patent applications which have been placed under secrecy orders. In each of these countries, there is a secrecy order system similar to that existing in the United States. When the country of origin has determined that a patent application can be filed in the United States provided the application is maintained under secrecy, the patent application is forwarded through diplomatic channels to the applicant's representatives in the United States for preparation of a United States patent application. The ASPAB arranges for such representatives to receive industrial security clearances for handling classified information. When such an application has been filed in the United States PTO, it will normally bear security markings identifying the security status imposed by the government of origin. These foreign applications may be government-owned or, as is more likely the case, privately owned. Upon the request of the government of origin or the individual applicant, the Secretary of the ASPAB transmits to the Commissioner a recommendation to impose a secrecy order in compliance with the international agreements. This category makes up approximately one-fourth of the ASPAB-sponsored secrecy orders.

The third category of patent application with which the ASPAB is concerned produces the smallest number of secrecy orders but creates the greatest problem so far as the public view of invention secrecy is concerned. This category comprises patent applications in which the Government has no property interest, which are filed by corporations or private individuals.

The ASPAB has provided the PTO with a Patent Security Category Review List. This document is classified, and a copy has been provided to this Committee separately. Certain categories of inventions have been identified on the List as being of interest to particular military departments or subdivisions thereof. When a patent application which does not contain classified markings or other indication of a government property interest is received by the PTO, it is screened by patent examiners for comparison with the ASPAB List. If the subject matter of the application appears to correspond to an item on the List, a microfiche of the patent application is prepared and sent to each military department which has indicated an interest in that particular category of subject matter. Within the department, the single microfiche may be

circulated to one or more offices. The application is forwarded to individuals having technical expertise in a particular area for a determination whether the publication or disclosure of the information in the application would be detrimental to the national security. Each individual who reviews the patent application must sign an access acknowledgment sheet, which becomes part of the official PTO record.

Publication or disclosure of a patent application may be determined to be detrimental to national security either because of the claimed subject matter of the invention or because of other matters contained in the patent application. That is, an inventor may have devised a new explosive device or guidance system which in itself would have been classified had it been generated by military department research, and mere disclosure of the invention details could be injurious. In another case, disclosure of a particular invention may not itself be objectionable, but the portion of the application discussing the use of the invention may incidentally describe the method of operation of a weapons system, where the publication of those details would be detrimental to national security. This is somewhat common where the invention has been made

by inventors who have worked in other situations with classified government information.

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The administrative problem has been brought to the attention of the PTO, which is trying to reduce this consumption of time. If that delay is not reduced substantially or

the six-month provision is not increased to reflect administrative realities, there could be a serious injury to the national security because of the inability of the defense agencies to cause a secrecy order to be imposed on time.

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When a sponsor determines, as a result of either annual

or other review of a secrecy order, that an application no longer needs to be maintained under secrecy order, rescission of the secrecy order is recommended. Under the ASPAB Charter, the patent application must then be circulated among the other ASPAB members for their individual consideration whether the secrecy order should be rescinded. If another department desires continuance of the secrecy order, that ASPAB member assumes sponsorship of the secrecy order. This occurs on occasion, particularly when the different departments are involved in different areas of research regarding defense systems. When each member has agreed to rescission of the secrecy order, the Patent and Trademark Office is notified accordingly, and the secrecy order is rescinded.

If the case is a foreign-origin case, the recommendation for rescission will normally come from the foreign government. Under the several international agreements, both the originating government and the receiving government normally must concur in order to permit rescission of the secrecy order on a foreign-origin application.

An applicant whose application has been put under secrecy order is permitted, under the rules of the Patent and

Trademark Office, to apply for a modification of the secrecy order. Such modifications may include permission to make disclosure of the contents of the application to certain categories of individuals or permission to file identical applications in selected foreign countries. Such requests are reviewed by the agencies to determine whether the requests should be granted. If a patent application is to be filed in a country which is obligated by agreement to maintain it under secrecy, it would be fairly common to permit such foreign filing. Permits to allow disclosure of the invention to representatives of the Government for potential marketing of the invention are routinely granted at the time of imposition of the secrecy order.

Under the statute, an applicant whose patent has been withheld by reason of a secrecy order can file an administrative claim against the military department which caused the order to be issued. The claim can be based on the damages caused by the imposition of the order and on use of the invention by the Government resulting from the applicant's disclosure. The ASPAB is not directly involved in processing of administrative claims. Such claims are filed with the particular department which requested imposition of the secrecy order. Most of the

ASPAB members are assigned to the same offices which process the administrative claims, and they become involved in such claims as a result of their other duties. A list of claims involving the military departments in which damages caused by a secrecy order have been in issue was previously forwarded to this Committee.

The Chairman's letter of August 12, inviting this testimony, posed several specific questions. Specific responses to those questions are set forth in the attachment.

We thank you for the opportunity to present this information to you, and we are prepared to answer questions which you may have.

## ARMED SERVICES PATENT ADVISORY BOARD

Tables of Cases Received for Review 3 or More Months After Filing Date

Quarter and Calendar Year	Total Cases Received For Review	Number 3 Months Old or Older When Received		Number 6 Months Old or Older When Received		% of Total Received
		Number	% of Total Received	Number	% of Total Received	
Q 1 75	1369	67	4.60	7	0.51	
2 75	1743	106	6.08	4	0.23	
3 75	1751	102	5.83	7	0.40	
4 75	1514	39	2.58	9	0.59	
1 76	1487	25	1.68	9	0.61	
2 76	1333	33	2.48	1	0.08	
3 76	1267	50	3.95	8	0.63	
4 76	1322	55	4.16	13	0.98	
1 77	1530	69	4.51	19	1.24	
2 77	2238	400	17.87	35	1.56	
3 77	1390	55	3.96	19	1.37	
4 77	1200	48	4.00	17	1.42	
1 78	1631	50	3.07	14	0.86	
2 78	1242	59	4.75	18	1.45	
3 78	1150	47	4.09	14	1.22	
4 78	1152	46	3.99	7	0.61	
1 79	1103	67	6.07	8	0.73	
2 79	1272	187	14.70	27	2.12	
3 79	1021	119	11.66	19	1.86	
4 79	758	333	43.93	40	5.28	
1 80	1274	871	68.37	52	4.08	
2 80	1863	669	35.91	46	2.47	

REPT 1980

RESPONSES TO QUESTIONS POSED IN THE CHAIRMAN'S LETTER OF AUGUST 12, 1980

1. QUESTION: *What role does the Central Intelligence Agency play in implementation of the Invention Secrecy Act (ISA)?*

RESPONSE: It is a Government agency within the provisions of the first paragraph of Section 181 and the following sections.

QUESTION: *Does it and did it ever sponsor secrecy orders or review patent applications?*

RESPONSE: It has sponsored and does sponsor secrecy orders indirectly. To our knowledge, it has never reviewed any patent applications as that term is used in the ISA.

QUESTION: *How are the CIA's own or contracted inventions placed in secrecy?*

RESPONSE: If a patent application filed by the Agency or one of its contractors has been classified by the Agency, the Agency notifies the Secretary of the Armed Services Patent Advisory Board (ASPAB) of that fact. It is then presumed that publication or disclosure by the grant of a patent on the invention in which the Government has a property interest would be detrimental to the national security. Accordingly, the Secretary of the ASPAB recommends to the Commissioner that a secrecy order be imposed on the patent application.

QUESTION: *Is the CIA a defense agency for ISA purposes?*

RESPONSE: Not to our knowledge.

QUESTION: *What role does it play in evaluation of licenses to file patent applications in foreign countries, requests for disclosure permits by applicants under secrecy order, and petitions to rescind secrecy orders?*

RESPONSE: To our knowledge, the Agency has played no role in these activities. If such an action related to a patent application which had been classified by the Agency, it is most likely that the Agency would be consulted.

QUESTION: *Or in decisions to maintain secrecy here on applications filed in foreign countries?*

RESPONSE: To our knowledge, the Agency has had no role in such actions. We are not aware of any mechanism which would impose such role on the Agency.

2. QUESTION: *The ISA allows patent applications to be sealed by the Commissioner upon a "proper showing" to him by an agency that disclosure would jeopardize national security. What constitutes a "proper showing?"*

RESPONSE: That would depend upon the specific situation. It would presumably involve a written communication from an appropriate official in an agency asking that the patent application be sealed.

QUESTION: *How does the Commissioner evaluate the showing---in the case of a showing by the head of a defense agency---as "proper?"*

RESPONSE: We have no information and defer to the Commissioner on this question.

QUESTION: *How often does DOD invoke this provision?*

RESPONSE: Rarely. There are two cases currently under seal at the request of DOD.

QUESTION: *To whom have you delegated authority to request sealing?*

RESPONSE: This power, like the others conferred upon the Secretary in Sections 181, 182, and 184 of the ISA, has been delegated to the members and sections of ASPAB as discussed in the testimony.

3. QUESTION: *How is it the uniformed services sometimes classify patent applications using lesser standards than those set by executive order?*

RESPONSE: We are not aware of any use of lesser standards. Patent applications, like all other documents, are classified in accordance with Executive Order 12065 and its implementing regulations.

QUESTION: What are the standards for classifying patent applications?

RESPONSE: In order to be classified, a patent application must contain information or material the unauthorized disclosure of which could be reasonably expected to cause at least identifiable damage to the national security.

QUESTION: Can a DOD contractor using derivative classification authority classify a patent application before filing it with the Patent Office?

RESPONSE: Yes.

QUESTION: Who reviews these classification actions to see whether they meet executive order standards?

RESPONSE: The same officials who review other classification actions within the commands.

4. QUESTION: What is the statutory authority for the "five-year rule" and the ASPAB "immediate action letter," if these are still used?

RESPONSE: The "five-year rule" is believed to have been a PTO application of Rule 103(c) (37 C.F.R. 103(c)); to our knowledge, it has not been used for the past 20 years. Current ASPAB members are not familiar with the term "immediate action letter."

QUESTION: Please catalog the authorities and procedures used by the defense agencies and the Patent Office in conjunction with the invention secrecy system.

RESPONSE: For the ASPAB procedures, see the above testimony. The ASPAB authority stems from Sections 181, 182, 184, and 188 of the ISA, as implemented by DOD Directive 5535.2, the ASPAB Charter, and the ASPAB Manual, copies of which have previously been furnished to the Subcommittee.

5. QUESTION: Discuss your delegation of invention secrecy authority.

RESPONSE: See the above testimony at pages 1-2.

QUESTION: What process leads to the decision, and who makes it, to request a secrecy order on a Government or contractor invention?

RESPONSE: See the above testimony at pages 3-4, which describes the process leading to the decision. The cognizant security official would already have made a determination that the patent application should be classified under Executive Order 12065. ASPAB members have no authority in security matters.

QUESTION: Under what circumstances do you automatically classify a Government or contractor application?

RESPONSE: A patent application which contained information classified under the provisions of Executive Order 12065 and its implementing regulations would be automatically classified.

QUESTION: Given the seriousness of invention secrecy in peacetime, why do you delegate your authority to request a secrecy order?

RESPONSE: Invention secrecy, which is one part of the process of safeguarding the national security, is equally important in peacetime as in wartime. The volume of the work, the widespread sources of inventions, and the diversified technical expertise required to ascertain the security aspects mandate a delegation to those personnel having the time and knowledge to make proper determinations. In FY 1979, there were 4,479 reviews of new patent applications, approximately 2,200 renewal reviews, and 419 rescission determinations, all of which required coordination among the cognizant technical sections of the several services.

6. QUESTION: Why is DOD's field of interest list (by which it notifies the Patent Office which applications to refer) classified?

RESPONSE: The Patent Security Category Review List was classified under a prior executive order. It contains some terms which were classified at the time. See page 21, for example. It also designates, by the

particular agency having interest, the specific items of technical information of interest for security review purposes, frequently indicating specific parameters of the technology with which the agency is concerned.

*QUESTION: How does it meet executive order standards for classification as "Confidential?"*

RESPONSE: Under the standards of the current Executive Order 12065, it is believed that unauthorized disclosure of the compilation of technical information in the List could be expected to cause identifiable damage to the national security.

7. *QUESTION: What's the basis of the DOD approach that it takes only one unformed service to request a secrecy order but the concurrence of all three to rescind one?*

RESPONSE: The national security is adequately safeguarded when cognizant personnel of any one of the military departments cause a secrecy order to be imposed. By the time the original sponsor has determined that it has no reason to retain a particular application under secrecy order, another military department, which may never have reviewed the application before, may have an independent reason for wanting to maintain the secrecy order. The case is therefore circulated to those departments for review and coordination.

*QUESTION: What's the statutory basis for the shifting of sponsorship of secrecy orders among the services?*

RESPONSE: Section 188, which authorizes delegation of power under the ISA, provides for the shifting of sponsorship. As indicated in the above testimony, authority is delegated through the three service secretaries to their respective members and sections of the ASPAB. Thus, each member recommending imposition of a secrecy order is acting on behalf of the Secretary of Defense, and the shifting of sponsorship reflects a sequence of determinations to impose and maintain secrecy on behalf of the Secretary.

*QUESTION: How and when does the applicant learn that sponsorship of his secrecy order has been transferred?*

RESPONSE: If the applicant is corresponding with the original sponsor regarding the secrecy order, the original sponsor would advise him promptly of the transfer. If the applicant asks the PTO for the identity of the current sponsor or any prior sponsor, he is provided that information by the PTO. In addition, the annual renewal notices sent to the applicant identify the sponsor at the time of renewal.

Mr. PREYER. The committee will stand in recess for about 10 or 15 minutes.

[Recess taken.]

Mr. PREYER. The committee will resume its session. I have just a couple of questions to Mr. Sciascia, and will recognize Mr. Butler and other members of the committee and staff.

In the responses to the questions which you filed, I would like to get a little clarification on one of your answers dealing with the field-of-interest list. That is the DOD field-of-interest list by which it notifies the Patent Office which applications to refer. What I did not think was clear from your answer is who originally classified that list and why. Can you expand on that a little?

Mr. SCIASCIA. According to my recollection this goes back to 1971. Now this list has been in existence for a number of years and it has been periodically reviewed. It was reviewed and revised around 1971, and it was provided to the security personnel. I believe it was over in the Department of Army, and I could be corrected on that by Colonel Hougen but I believe it was the Department of Army security personnel that did review it, determined that there was classified information in there for several reasons. No. 1, there were terms of art or expressions, the use of which in and of themselves were considered to be classified. In other areas it provided definition of the parameters that the military departments were interested in, and usually you will find that the description of parameters, metes and bounds of the operations of a piece of equipment, is considered to be classified when it falls within a certain area.

Then a third reason is the total picture that it provided in giving a compilation of all of the areas of interest to the military departments, and in addition it identified which military departments were interested in certain areas, and because of these reasons it was considered to fall within the area of classified subject matter. Now that list has not been completely revised, but we had additions made to it in 1979, and this was reviewed again by the Department of the Army command, and that information was considered to be classified.

Mr. PREYER. Colonel Hougen, do you have anything to add to that or do you concur with that?

Colonel HOUGEN. That is substantially correct. I think probably bits and pieces of classified information were probably classified by Navy, Air Force, different elements depending on the agency which was involved in the particular item. For example, an item pertaining to ship navigation might well have been classified by the Navy, but that is substantially correct, sir.

Mr. PREYER. Has it been currently reviewed under the current Executive order? Does it meet that Executive order's standards for classification as "confidential"?

Mr. SCIASCIA. As of the present time it has not been reviewed. It still contains the original classification of the 1971 time period, with the exception that the material added in 1979 to my knowledge was considered to be classified under the current Executive order.

Mr. PREYER. On another subject, when a secrecy order has been rescinded, the Patent Office looks at the patent application files to

see if it contains classified information. If it does, the Patent Office, as I understand it, sends a form called a markings letter, which requests the applicant to determine the need for existing classification markings in the case. This form, PTOL-248, revised in March of 1978 and still in use, starts off with a reference to Executive Order 10501. That was President Eisenhower's order of 1953 on safeguarding official information, and it was revoked in 1972 by President Nixon's Executive Order 11652. Why is the Patent Office using a revoked Executive order?

Mr. SCIASCIA. Can I have a recess and discuss this with my colleagues please for a minute?

[Short recess.]

Mr. SCIASCIA. Mr. Chairman, after discussing it with my colleagues, this is a form that is employed by the Patent Office. Why they continued to refer to a different area I am not sure. However, I can give you an idea as to the practice here.

If the patent application is a Government-owned or Government prosecuted patent application, at the time that we request rescission of the secrecy order we also request removal of the security markings.

Mr. PREYER. Are you saying that it could never be sent to a private citizen who holds a patent application?

Mr. SCIASCIA. The private citizen would have to be a company which made the invention under a Government contract which required certain information to be classified, and that patent application contained that classified information, and the contractor then placed the appropriate security marking on it at the time it was filed in the Patent Office.

When the ASPAB recommends rescission of the secrecy order, the Patent Office will send a letter out to the individual, which in this case would be usually a contractor requesting removal of the security markings.

As to privately owned patent applications, let us say a John Doe individual who made an invention on his own, with no relationship to any Government contract, he files this patent application in the Patent Office. It has no security markings on it. When this is reviewed by the military departments, if it falls within the category list, and it is determined by security personnel that this would contain information detrimental to the national security, then a secrecy order is imposed on that, but it contains no classified information. I mean it has no security markings on it, and, at the time of the rescission, there is no need for the Patent Office to write to that private individual to remove any security markings.

Mr. PREYER. Going to another subject, if a patent has been granted in a foreign country, and is publicly available in that country, how does ASPAB treat a subsequent patent application in this country? Is there a rule that the application cannot be subject to secrecy order here because the invention or process is already public, or are there circumstances under which you would sponsor a secrecy order?

Mr. SCIASCIA. Since that information would already be available to the public, it is a publication. It has been distributed anywhere in the world, there would be no reason whatsoever to place a

secrecy order on any corresponding application here in the United States.

As a matter of fact, what has happened at times, this is on a rare occasion, during the review process the patent application has been placed under a secrecy order, and it was subsequently brought to our attention that the subject matter of it was already published. Then we proceeded to rescind the secrecy order pro forma.

Mr. PREYER. From our review, it seems that the fact of a prior overseas patent may not be noted on the application or microfiche circulated among the defense agencies. Is that a problem?

Mr. SCIASCIA. Not to my knowledge. Usually if the applicant is seeking the priority date under the Paris Convention, he will be identifying applications filed in foreign countries. Now as to whether he does not place this information in there, I do not know of any instance where we have had any problem in that regard.

Colonel HOUGEN. Sir, one thing that I should point out is most of the foreign applications that come under secrecy orders come under because they are translated from a foreign classified document. For example, the German Government may have classified a German patent application. They, like we do for our inventors, allow their inventors to file in the United States, provided the document continues to be marked "GEHEIM" and translated into SECRET, for example, in English. When that happens, the case actually passes, through the ASPAB frequently, between the German Government and a local patent attorney. When the local patent attorney files the U.S. patent application, he sends a copy of the application to the ASPAB, bringing it to our attention that a German classified document is being filed in the Patent Office, and we then put on a secrecy label. It is brought to our attention, in other words, by the applicant rather than by the Patent Office.

Mr. PREYER. Thank you. Mr. Butler?

Mr. BUTLER. Thank you, Mr. Chairman. I am interested in the so-called sealing of an application. I think that may give me a little more insight into the problem we have got. For beginners, what do you mean when you say an application is sealed?

Mr. SCIASCIA. There is a provision in 35 USC 181 that, upon the request of a department head or agency, an application will be placed under seal. What this means is that a patent application is prepared in accordance with the format required by the patent laws, and it is placed in an envelope and sealed. There is correspondence on top of it addressed to the Commissioner of Patents requesting that this application be maintained on file in the U.S. Patent Office in sealed condition, which means that this patent application will not be examined by anyone until some date in the future when that seal is requested to be removed.

Therefore it is of such a classified nature that not even a cleared patent examiner is entitled to see it. As a matter of fact, generally speaking, no one sees it except the individual that has placed it in a sealed envelope and the one that has requested it to be placed under seal.

Mr. BUTLER. Why would you want to place an application under seal? What are the indexes that determine that?

Mr. SCIASCIA. On that what I would like to point out first is that the Department of Navy has no application presently under seal,

and to my knowledge has never had one under seal. The Department of the Army has no case under seal. The Air Force has two applications under seal.

Now as to what the standard is that is used to determine placing these under seal I cannot say. All I know is that someone at some very high level must have determined this invention to be of such a highly classified nature that it should be placed under seal and not be examined for some time to come.

Mr. BUTLER. Actually it cannot be examined until the sealing agency grants its permission, is that correct?

Mr. SCIASCIA. That is right.

Mr. BUTLER. And there are no guidelines as to that, except subjective judgment of the department or the individual within the department who sponsored the invention, is that correct?

Mr. SCIASCIA. That is right.

Mr. BUTLER. Who monitors this agency, the department itself? Not the Patent Office but the department itself will make this determination, is that it?

Mr. SCIASCIA. That is correct.

Mr. BUTLER. Are they required to review at any regular interval of time, or is this too in the discretion of the department?

Mr. SCIASCIA. Colonel Hougen reminded me that cases under seal also are required to be placed under secrecy orders. Now the secrecy orders—

Mr. BUTLER. Wait a minute. Let us see. How can you be more secret than putting it under seal?

Mr. SCIASCIA. You have to make a distinction here between sealing and a secrecy order. A secrecy order is a fact that the Commissioners of Patents has issued a statement indicating that it be placed under secrecy with the language that is provided in there, that it not be disclosed to unauthorized personnel.

Mr. BUTLER. Would you like to clear the room while you complete your answer?

Mr. SCIASCIA. That is all right, sir. As I stated, it requires both a secrecy order and a sealing when the head of an agency determines that it be placed under seal. That is what the statute requires.

Mr. BUTLER. Yes. The secrecy order follows automatically?

Mr. SCIASCIA. Right.

Mr. BUTLER. From the presentation of a sealed application, does it not?

Mr. SCIASCIA. Yes.

Mr. BUTLER. I am concerned. I am not really panicking about this thing, but I am concerned that we put it under seal, and what we are effectively doing, we are putting it out of reach forever. Does the statute have anything to say about review of the sealed application?

Mr. SCIASCIA. No, it does not.

Mr. BUTLER. The question of sealing. Now the secrecy order requires an annual review of some kind, does it not?

Mr. SCIASCIA. Right, except that in this particular type of instance, once it is under seal, the renewal of the secrecy order is automatic.

Mr. BUTLER. So there is really no review of the secrecy order?

Mr. SCIASCIA. No.

Mr. BUTLER. I think you told me the number. There are only two of them?

Mr. SCIASCIA. Two applications, and they are charged to the Air Force as being under seal by Air Force.

Mr. PREYER. Will the gentleman yield?

Mr. BUTLER. Yes, certainly.

Mr. PREYER. For a question or two along that line. Must the sealing request be made through ASPAB?

Mr. SCIASCIA. I would like to have the Air Force representative answer that, since they are both his cases. Mr. SINGER.

Mr. PREYER. I understand that there is a current sealed application that went directly from the DOD head of research, Dr. Perry, to the Commissioner of Patents and that ASPAB for over a year was unaware of it. I wonder if that is the case and how that happened.

Mr. SINGER. We were not totally unaware of it, but it is true that Dr. Perry did request the Commissioner of Patents to place that particular invention under seal. It happened to involve a Government contractor development, and it was an Air Force development.

Mr. PREYER. Do we need to clarify the delegation of authority from the Secretary regarding these sealing procedures?

Mr. SINGER. There have been so few cases placed under seal that they have been handled on an individual basis.

I might add the other case that is under seal is of British origin and was placed under seal by my office at the request of the British Government. It involved a joint U.S.-British development, but the application was filed by the British Government.

Mr. PREYER. How old are those two applications under seal?

Mr. SINGER. One application was placed under seal in 1977 and the other in early 1979.

Mr. PREYER. Thank you.

Mr. BUTLER. One more question. Prior to that had there been none sealed. Has it been used with any frequency at all?

Mr. SCIASCIA. Not to my knowledge that I know of.

Mr. SINGER. I am not aware of any other applications that were placed under seal during my 20 years with the Air Force.

Colonel HOUGEN. Sir, I know that there were two sealed cases that were removed from sealing about 4 or 5 years ago, and I don't know how long ago they were put under seal. They were British origin cases, incidentally, that were under seal at the request of the British Government.

Mr. BUTLER. You removed the seal?

Colonel HOUGEN. Removed them from seal and they went back into the—

Mr. BUTLER. Did the secrecy order remain in effect?

Colonel HOUGEN. So far as I know, the secrecy order was removed at the same time. That is my memory, but this is dealing back about 4 or 5 years.

Mr. BUTLER. I thank you.

I yield back, Mr. Chairman.

Mr. PREYER. Mr. Evans?

Mr. EVANS. I have no questions, Mr. Chairman.

Mr. PREYER. Does counsel have any followup questions?

Mr. INGRAM. Yes, Mr. Chairman, one area I would like to focus on. That involves carbon fiber technology, which—it strikes me—presents the balance that ASPAB is faced with most directly, an item which has both military and civilian applications.

Briefly, as I understand it, the carbon fiber technology involves a lightweight, high shrink material which can replace steel or aluminium. It can be used in aerospace, sporting goods, automotive, industrial applications, but has a very serious drawback; that is, that when it is subjected to heat in a fire, it breaks down.

Polyurethane will drop out, and you are left with these carbon fibers which have a high electrical conductivity, and then they pose a hazard to electrical equipment.

As I recall, there was at least one instance where a plane had crashed, which was composed of this material, and may or may not have knocked out some communications at an airport as a result of the crash.

There is also some concern that this material, when it breaks down in a fire, might pose a hazard to computer equipment.

Are you aware or could you sketch out for us the Department of Defense's involvement with a review of carbon fiber technology and whether any current secrecy orders are outstanding in this area?

Mr. SCIASCIA. Could I confer with my colleagues for a moment?

Mr. INGRAM. Sure.

Mr. SCIASCIA. None of the members of this board know anything about this type of situation that you are referring to as carbon fibers. As to answering your question, do we have any under secrecy orders, what I would like to do is be permitted to send you a written response later on, after reviewing our orders.

At this point in time we have no recollection of any area in carbon fibers that would involve secrecy orders, or of any great import that would require any secrecy orders, but I would like to send to you a written response to that matter.

Mr. INGRAM. But in your collective memory this was not an issue presented before ASPAB?

Mr. SCIASCIA. Never to my knowledge.

Mr. INGRAM. I find it curious because there has been an ongoing review involving Public Health Service, NIOSH, OSHA, EPA, DOT, Commerce, NASA, and I am informed parts of the Defense Department and CIA on this issue for at least 2 years.

Frank Press' office had gotten involved and the Bureau of National Standards had gotten involved and, as I say, it is an area that has incredible commercial value, but there is the military hazard that I mentioned earlier. It strikes me as curious that ASPAB has not played a role in that area.

Mr. SCIASCIA. To my knowledge, we haven't. As a selected area, it may have fallen somewhere for review, but I would have to look into our records on that.

Mr. INGRAM. Thank you.

[The information follows:]

There have been no requests from the Department of Defense to classify patent applications surrounding carbon fiber technology. In fact, most carbon fiber production technology is proprietary in nature rather than patent disclosed.

Mr. STURGES. Mr. Sciascia, with respect to answers to a number of questions, does your answer on the Central Intelligence Agency

mean that the CIA is an agency under the act for purposes of requesting secrecy orders on its own applications, but not a defense agency?

Mr. SCIASCIA. That is right.

Mr. STURGES. Such that it could not request a secrecy order on someone else's application?

Mr. SCIASCIA. That is right.

Mr. STURGES. Given that, I ask you or Colonel Hougen why, then, the practice for the CIA when it files its own patent application is to defer to ASPAB for secrecy order purposes, where its application was classified?

Mr. SCIASCIA. I will let Colonel Hougen answer that because his office processes all those cases.

Colonel HOUGEN. The very simple answer is that the CIA has no patent attorneys and they don't quite understand what a patent application is. They are prepared for them by the contractors now.

For many years in the past our office prepared patent applications for them based on information they gave us. We duly acted as patent attorney, patent counsel for them. As a matter of custom, we have continued to so act.

Mr. STURGES. In connection with the CIA, there was discussion at the ASPAB meeting—and I notice it predates you slightly—in September 1948, not very detailed, which indicated the CIA was undertaking certain activities with respect to invention secrecy.

The board thought it would see whether those CIA activities could be coordinated with its own activities. This occurred at the same meeting at which ASPAB changed its name from Army and Navy Patent Advisory Board.

Have you any historical knowledge or guess as to what those activities were?

Mr. SCIASCIA. Not I.

Colonel HOUGEN. Nor I.

Mr. NIEMAN. Nor I.

Mr. STURGES. With respect to question No. 4, you have indicated that an explanation of the so-called 5-year rule appears to be lost in antiquity. We have asked the Patent Office whether it can determine what that rule was and what followed from it.

Given the strike-out on that one, please tell us about the 3-year rule, which is the statutory authority that has been around since the 19th century. What do you do with it? Why do you need it?

Mr. SCIASCIA. The 3-year rule is derived from 35 U.S.C. 267, and that provision provides that a patent application must be owned by the Government, and also the invention must be such that it is important to the armament and defense of the Nation, and it does provide for the agency to delay taking 3 years instead of the statutory 6 months to respond to a Patent Office action.

To clarify it, let us say the Navy files a patent application. The Patent Office examines it, sends us out what is called a Patent Office action, and then normally according to statutory requirements you have 6 months to respond to it but the U.S.C. 267 indicates that the Government can take up to 3 years for responding to it.

Now, I don't know the legislative history to that, but as far as the use of it—and here again I am speaking on behalf of Navy—we

use it, but in very rare situations, and usually it is used in those instances where we have received a Patent Office action, which has rejected claims, and sometimes there are objections to the subject matter of the application as being incomplete.

The information for us to be able to respond in a timely manner to that Patent Office action within the 6 months cannot be done because of additional information we may have to require, tests that may have to be conducted, or the inventor is not available to us at that time, so we request that it be placed under the 3-year rule to give us more time.

Now, this does not necessarily mean that we use all of the 3 years. Many times we will file a response within maybe 8, 10, or 12 months, but here again this is used on the average at least in Navy in about two or three cases a year, if that many.

Mr. STURGES. How about the Army and Air Force?

Colonel HOUGEN. In the 5 years that I have been in our office, the sole delegee of the Secretary of the Army authorized to put a case under the 3-year rule has not put any cases under; so for 5 years it has been zero. I would assume that is probably true for some years before that.

The Korean war is probably the last time the Army really was involved. In time of war, patent prosecution gets a very low priority.

Mr. SINGER. I have had responsibility for the patent prosecution effort of the Air Force since 1973, and I am not aware that we have used that statute.

Mr. STURGES. The code section covers applications which are owned by the Government. That also, though, embraces the situation in which the application is assigned to the Government, isn't that correct?

Mr. SCIASCIA. Right.

Mr. STURGES. A closing question now. There are about 3,500 new and renewed secrecy orders in existence right now, which appears to be the lowest number since the summer of 1951. You also note in your testimony that the rate of rescission of secrecy orders may be climbing. At least more than 400 were rescinded last year.

Can you foresee a downward trend in the use of secrecy orders, and what relation is there, if any, to the fact that the uniformed services are now having to review 6,000 or more applications and current secrecy cases per year?

Mr. SCIASCIA. With respect to your first question, do we see a downward trend, with the advent of the National Emergency Act. This meant that applications which had been under secrecy orders and not reviewed for a substantial period of time now require annual review in order to comply with the statutory requirements.

In other words, there has to be a request to renew the secrecy orders, and failure to request the Commissioner of Patents and Trademark Office to renew it means that the secrecy order is automatically rescinded. So, therefore, it is incumbent upon the agencies to conduct this review.

We have an initial downward trend now because all of these cases have been on file for a substantial period of time without this annual review requirement. Now, because of the annual review requirement, many of these cases are falling by the wayside.

Whether this will continue this way still remains to be seen. It is not certain, but the indication is that this is the way it will be, that there will be a downward trend on it.

Mr. STURGES. A leading question. Is this a function really of the workload, of the fact that technical people have to look at so many existing orders per year, or is it truly the result of a new determination that the order is no longer needed?

Mr. SCIASCIA. It is the result of a new determination.

Colonel HOUGEN. Excuse me. I would like to add one thing. The trend has continued since before the National Emergency Act. At least since 1975 there has been a fairly constant downward trend, and that predates the National Emergency Act. We were reviewing cases on an annual or other basis before the National Emergency Act.

Mr. STURGES. In a related matter, the ASPAB and the Patent Office a year and a half ago had some discussions about possible legislation to amend the Invention Secrecy Act.

Was one of the things you had in mind extending the initial or renewal period of secrecy orders?

Mr. SCIASCIA. No. What we were concerned with, and which I have made part of my testimony here, is the 6-month period required for the defense agency to have a secrecy order imposed on a patent application.

The reason why we were concerned about this is that we were receiving a substantial number of patent applications for review from the Patent Office which were more than 6 months old when we received them, so therefore the defense agencies did not have enough time to have a secrecy order placed on it.

Also, you have to consider that these applications have to be routed to cognizant security personnel, and this includes a period of time, but that was our major difference with the Patent Office at that period of time.

Of course, they have indicated to us that they are trying to improve their performance. As a matter of fact, as I understand it, they are in the process of trying to computerize this and, therefore, reduce the period of time between the time they receive the patent application and give it to the military departments.

By the way, you attended our last meeting. I had admonished the Patent Office representative there about the great number of cases that were more than 6 months old when they had referred them to us.

Mr. STURGES. Was one of your proposed legislative cures an extension of that 6-month period?

Mr. SCIASCIA. It was elimination of the 6 months, but of course we had other provisions in there, where we reduced the area for consideration of requiring a license from the Commissioner of Patents to file patent applications in foreign countries. It was reduced down. Now here I am trying to recall from memory.

In munitions, the international traffic in arms list. That is about it on what I can recall. We have reduced the area for consideration.

Mr. STURGES. Thank you, Mr. Chairman.

Mr. INGRAM. I have just one last question.

When we began this review 8 months ago, I couldn't understand why there hadn't been any litigation attacking the constitutionality or portions of the Inventions Secrecy Act. Frankly, I still can't. Do you have any views as to why there have been no lawsuits in this area?

Colonel HOUGEN. One thing. Most of the secrecy orders that have been imposed have been imposed on the kinds of inventions that could be sold to the Government for missiles, for bombs, for tanks, whatever may be the case.

So, the existence of a secrecy order doesn't work much hardship upon that kind of inventor. He can still peddle his invention. What the inventor wants to do is make money, and he is very happy as long as we buy our equipment from him or his company. So, it has been a quiescent area.

We are now in the throes of more litigation, as the information I gave you some months ago indicated. We have six cases that have recently been in the courts involving various aspects of the Invention Secrecy Act.

The constitutionality has not been raised in any of them, I think, probably because the act goes back so far in history. If we have had something for 60 or 70 years, people feel a little bit odd about raising constitutional issues, but it may be raised.

Mr. INGRAM. I think you explained to us in the staff interview, the military-industrial complex and how to play the game, and perhaps that does explain it.

Let me, if I might, try out a theory on you; that is, that perhaps it is to the advantage of the contractor to use the secrecy invention route process to extend the time over which the company is able to control the invention.

The patent period does not start to run until after the secrecy order is dropped, so that the contractor would be able to extend his control over an invention much beyond the statutory period for the patent application, and that it might be to the advantage then of the contractor to pull out of the sky derivative classification on the patent application, apply it to the application, and then what normally seems to happen, the application, once it comes in classified, stays in that way. It is usually not challenged, as far as I can see.

This, then, would allow, as I say, the contractor to keep control of that invention for much longer than a private individual would coming in without the ability to classify the item.

Colonel HOUGEN. That might happen in our country. In the United Kingdom, for example, it would not happen, because there a patent lasts for 20 years from filing. Our system gives 17 years from date of issuance. But one thing that might affect that greatly, if we are talking about the sort of invention where the Federal Government is a primary customer because it deals with armaments, the Government has a license in the invention by virtue of the R. & D. investment in the contract. These are property-interest cases. Having that Government license, the contractor really does not have any kind of a lockout against his competitors. For example, when a Government contractor owns patent rights in a given invention, if we contributed to the R. & D. cost, we have a license so that we can go ahead to his competitors, both while it is under

secrecy order and afterwards, so he may have lost any effective market there except what he gets by being first in the door.

Mr. INGRAM. But as you suggest, it might still be an incentive. Thank you.

Mr. PREYER. Thank you.

Mr. MORR.

Mr. MORR. Thank you, Mr. Chairman. I have several questions. First, I want to be clear on the role of ASPAB in the category list development process. As I understand it, and correct me if I am wrong, the various members of ASPAB submit their list to ASPAB. It is automatically sent on to the Patent Office. There is really no normal approval of the category list by ASPAB's board. Is that correct?

Mr. SCIASCIA. As far as I know, that is correct.

Mr. MORR. Second, in the process of defense agency review—this may be a question more appropriately directed to the Patent Office, but you may know the answer—of a patent application, what happens if an inventor files an amendment to his initial application? Is that amendment also reviewed by the agencies?

Mr. SCIASCIA. No; not ordinarily. The way it operates is if the application has been reviewed initially, and no secrecy order is placed on it, then that application will never be seen again as far as the military departments are concerned.

Mr. MORR. So it is possible for an inventor to include information that might be subject to a secrecy order by means of amendment; is that correct?

Mr. SCIASCIA. At a subsequent date, yes.

Mr. MORR. What about the reverse? What if an inventor has filed an application and, to use the example you mentioned in your testimony, he has referred to some larger weapons system or something in a way that the application is classified and secrecy order might issue? His amendment then might delete that reference so that he would have an invention that might be patentable outside of the secrecy order process. Is that then reviewed?

Mr. SCIASCIA. What you are referring to is that when you do amend a patent application to delete certain portions of it, the deletion is done by placing a red line through it. However, that deleted portion still remains part of the original file, so the mere cancellation by an amendment does not mean that this has now become declassified information.

Mr. MORR. So he has to abandon and refile; is that correct?

Mr. SCIASCIA. No.

Mr. MORR. Is that the process?

Mr. SCIASCIA. You mean if he wants to file an application without that information?

Mr. MORR. That is correct.

Mr. SCIASCIA. He does not have to abandon it. He can file a continuation of it.

Mr. MORR. Are there unpatentable applications that are under secrecy order?

Mr. SCIASCIA. You mean by unpatentable applications that an application has been filed initially, a secrecy order has been imposed on it, and the prosecution of the patent application continues as normal, and upon conclusion of actions by the Patent Office, it

is determined there is no patentable subject matter, and all claims are rejected, final rejection. That will still remain under secrecy order. It had a secrecy order on it initially, and will remain that way until it is reviewed on an annual basis and it is determined that it is no longer classified. So the response to your question is that an unpatentable patent application can remain under secrecy order.

Mr. MORR. Is it possible that an application would contain information that would need to be continued under secrecy order even though it is unpatentable beyond the period of review? You are saying that it is reviewed, the secrecy order is going to be reviewed?

Mr. SCIASCIA. That is right.

Mr. MORR. On an annual basis.

Mr. SCIASCIA. The application is reviewed on an annual basis.

Mr. MORR. The subject matter of the application is not patentable, but the application contains information which may be classified.

Mr. SCIASCIA. Right.

Mr. MORR. Can a secrecy order remain?

Mr. SCIASCIA. Yes, it does.

Mr. MORR. And I assume the basis for that is the classification executive order; is that correct?

Mr. SCIASCIA. It is still classified information.

Mr. MORR. So it would remain in effect until the executive order or until the information was declassified?

Mr. SCIASCIA. Until the reviewer determined that the information contained in it is no longer classified.

Mr. MORR. Your testimony indicates that inventors may seek a modification of the secrecy order, and my question goes to the little guy. Are private inventors given notice of the fact that they can seek modification, and how often do they do so?

Mr. SCIASCIA. As to how often they do so, here we are talking about private individuals.

Mr. MORR. I am talking about what you referred to as the John Doe.

Mr. SCIASCIA. As the John Doe case. I believe our experience indicates that there are very few of those requesting modifications of the secrecy order. Generally you will find that it is a corporation who has been a Government contractor that requests modification of the secrecy order.

Mr. MORR. Is there anything that would give a John Doe notice that he can request that?

Mr. SCIASCIA. I am pretty sure that the secrecy order notice from the Patent Office will contain information that he may request modification, but I would have to see the form. It says, "Similarly, you may petition for a permit to disclose or modify the secrecy order stating fully the reason or the purpose for disclosure modification."

Mr. MORR. One last question. Are there any deadlines for an agency to respond to a request for modification?

Colonel HOUGEN. I do not think there are any.

Mr. SCIASCIA. There is no deadline that I know of, but I do know that they are acted on promptly.

Mr. MORR. Thank you.  
Thank you, Mr. Chairman.  
Mr. PREYER. Mr. Butler.  
Mr. BUTLER. Thank you.

Gentlemen, the Patent Office has not gotten really good press lately. There was an article in the Washington Post of the extensive problems there. The Wall Street Journal also had one recently. Yesterday the Judiciary Committee adopted an amendment to the patent legislation which if it becomes law would make it an independent agency, part of the blame being the stepchild status it has as part of the Department of Commerce. I wonder if you gentlemen would like to comment on the relationship of that move to the problems you may or may not be having with the Patent Office, and whether you would recommend it or not.

Mr. SCIASCIA. Insofar as it having any impact on our operation, I could not imagine that there would be too much of a difference. It is a matter of getting the administrative workload organized, and being an independent agency or not would be a matter I would say for the Commissioner of Patents and Trademarks to be able to say whether he is better off. I do not see how it would affect our interrelationship with the Patent Office.

Mr. BUTLER. Would you have some suggestion as to what might be done to improve the Patent Office, the operation?

Mr. SCIASCIA. I believe that there are better-qualified people in the Patent Office than I, who are more familiar with all of their problems than I, than for me to make any suggestions.

Mr. BUTLER. I yield back, Mr. Chairman.

Mr. PREYER. Thank you very much, gentlemen. We appreciate your testimony, Mr. Sciascia, and that of your associates. I think it has been very straightforward and very helpful to the committee. We appreciate your being with us today.

Mr. SCIASCIA. I thank you for the opportunity to be here.

Mr. PREYER. Our final witnesses today are from the Department of Energy. Mr. Duane Sewell, who is the Assistant Secretary for Defense programs, is accompanied by Mr. Eric Fygi—

Mr. SEWELL. There is a substitution for Mr. Fygi.

Mr. PREYER. Perhaps I had better let you present your associates.

Mr. Sewell, according to our custom here, we ask our witnesses to be sworn when we are dealing with factfinding. I will ask you to stand.

Do you solemnly swear the testimony you will give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SEWELL. I do.

Mr. SILVERSTROM. I do.

Mr. DUFF. I do.

Mr. PREYER. Thank you, gentlemen. I understand you have with you Mr. Leon Silverstrom, the Assistant General Counsel.

Mr. SEWELL. That is correct.

Mr. PREYER. And Mr. Robert Duff, Director of the Office of Classification.

STATEMENT OF DUANE SEWELL, ASSISTANT SECRETARY FOR DEFENSE PROGRAMS, DEPARTMENT OF ENERGY; ACCOMPANIED BY LEON SILVERSTROM, ASSISTANT GENERAL COUNSEL FOR INTERNATIONAL DEVELOPMENT AND DEFENSE PROGRAMS; AND ROBERT DUFF, DIRECTOR, OFFICE OF CLASSIFICATION

Mr. SEWELL. Mr. Duff is on my left; Mr. Silverstrom on my right.

Mr. Chairman, members of the committee, I appreciate the opportunity to appear before you again today. This subcommittee has been studying the issue of the Government's authority to classify, restrict, or assert ownership rights over privately generated data. Under the Atomic Energy Act, the Department of Energy is charged with the task of protecting a special category of nuclear information known as Restricted Data. The Congress originally assigned this responsibility to the Atomic Energy Commission. The responsibility was later transferred to the Energy Research and Development Administration and then to the Department of Energy. The primary concern at the time the act was written was the prevention of nuclear weapon proliferation. The reason for that concern has been demonstrated and indeed broadened to include the need to prevent the dissemination of this type of information to terrorists. At the same time, that part of the act which encourages declassification and dissemination of scientific and technical information has also proven to be more and more valid as we seek a solution to overcome the energy crisis. This dual mandate which is designed to protect the common defense and security and at the same time promote scientific progress involves some very complex issues.

As a continuation of our discussions at the hearing on March 20, I would like to take this opportunity to briefly review the Department's procedures for classification and declassification of restricted data which have evolved over the past 34 years.

Under section 142 of the Atomic Energy Act, the DOE is required to maintain a continuous review of restricted data. The purpose of the review is to establish what information must remain classified and what may be declassified without undue risk to the common defense and security. Over the years, the DOE and its predecessor agencies have developed a structured system of classification guides. These guides provide specific detailed topics covering the classified areas under the Department's jurisdiction. They are used by authorized individuals in determining the proper classification markings to be placed on individual documents.

As the Assistant Secretary for Defense programs in the Department of Energy, I approve basic DOE policy on the classification and declassification of restricted data, and I have been assigned the authority within the DOE for the declassification of restricted data in accordance with the Atomic Energy Act.

In this process, a number of factors may be considered in any decision to change classification policy. These include: The published state of the art in nuclear science and technology; the value of the information to U.S. programs; unauthorized release of classified information; and the effect the information might have on the proliferation of nuclear weapons capability in other nations. These and other factors are weighed and a balanced judgment is made to

- 13 -

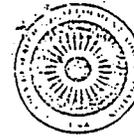
**OFFICIAL USE ONLY**

- III. Describe and assess the various means by which military-related ICF technology is transferred or otherwise becomes available for use in subnational or foreign national nuclear explosive programs, including:
- Official U.S. or foreign program publications;
  - Publications by private academic or industrial researchers and research organizations;
  - Government and non-government sponsored conferences, seminars, symposia, colloquia, etc.
  - Informal interaction among those involved in classified and non-classified ICF research (e.g., summer sessions for academicians in government laboratories).
- IV. Based upon the results of Tasks I, II, and III, assess the appropriateness of current DOE policy and procedures for assuring that ICF research does not inadvertently contribute to the proliferation of nuclear weapon design and production technology.
- V. As appropriate, suggest changes in current protective policies and procedures.

**OFFICIAL USE ONLY**

UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

April 26, 1976



The Commissioner of Patents and Trademarks  
Washington, D. C. 20231

ATTENTION: C. D. Quarforth, Director  
Special Laws Administration Group

Sir:

**PATENT SECURITY CATEGORY REVIEW LIST**

Pursuant to your request, this office has prepared as a guide a list of subject matter categories of patent applications that should be made available to the U.S. Energy Research and Development Administration (ERDA) in accordance with 35 USC 181 and/or 42 USC 2181, 2182 (Sections 151 and 152 of the Atomic Energy Act of 1954, as amended).

Section 151 d of the above cited Act provides that the Commissioner of Patents and Trademarks shall notify the Commission (now ERDA) of all applications for patents heretofore or hereafter filed which, in his opinion, disclose inventions or discoveries required to be reported under Section 151 c of the Act and shall provide the Commission (now ERDA) access to all such applications. The inventions or discoveries required to be reported under Sections 151 c and 152 are those "useful in the production or utilization of special nuclear material or atomic energy". The definition of atomic energy and special nuclear material is set forth in 42 USC 2014 as follows:

"The term 'atomic energy' means all forms of energy released in the course of nuclear fission or nuclear transformation"

"The term 'special nuclear material' means (1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material which the Commission, pursuant to the provisions of Section 51, determines to be special nuclear material, but does not include source material; or (2) any material artificially enriched by any of the foregoing, but does not include source material."



ATTACHMENT A

Commissioner of Patents  
and Trademarks

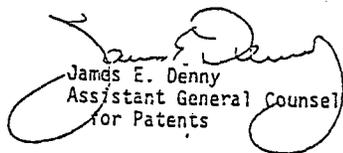
- 2 -

April 26, 1976

We have prepared the attached list of identified subject categories which we believe encompasses the most relevant areas of interest to ERDA and which we desire to review under the statutory purview of Sections 151 and 152. We recognize that it is within the exclusive authority of the Commissioner of Patents and Trademarks to determine which patent applications fall within the definition of "useful in the production or utilization of special nuclear material or atomic energy". The attached list of categories is merely intended to identify those areas which ERDA deems to be most pertinent to its activities under the Atomic Energy Act of 1954, as amended. The list is not intended to be an exclusive definition of patent applications to be referred.

If further clarification of any subject matter identified is needed, please let us know.

Sincerely,



James E. Denny  
Assistant General Counsel  
for Patents

Attachment:  
Category Review List

APPENDIX  
SUBJECT CATEGORY LIST

- A. Materials, apparatus and methods identified with nuclear explosive devices.
- B. Materials, apparatus and methods for accomplishing nuclear fission reactions
1. All nuclear fission reactors utilized for:
    - a. power
    - b. propulsion
    - c. thermal energy
    - d. isotope or neutron production
    - e. experimental purposes.

This will include components and the manufacture thereof such as fuel elements, cooling systems, pressure vessels, shielding, loading mechanisms, steam and power conversion systems, auxiliary systems and accessories, identified as having possible application in nuclear reactors.

- C. Materials, apparatus and methods for accomplishing nuclear fusion reactions such as:
1. Laser fusion
  2. Electron beam fusion
  3. Ion beam fusion
  4. Magnetically confined controlled thermonuclear reactions.

In this regard, lasers developing energy > than  $10^3$  joules in an interval of 10 nanoseconds or less are of interest.

- D. Materials, apparatus and methods concerning isotope and/or radioactive source technology including:
1. Chemical processing of ores for recovery of uranium and/or extraction, conversion, or reductive steps;
  2. Technology for isotope separation or exchanges such as uranium enrichment, heavy water production, etc.;
  3. Radioactive waste processes for concentration, decontamination, or fission product recovery;
  4. Design fabrication and usage of radioisotopes (fission products) as sources of electric, propulsive or thermal energy in terrestrial, space and marine applications. This would include thermoelectric and thermionic converter technology which utilized energy released in nuclear fission or nuclear transformation. Thermoelectric materials, details of composition and processes for the manufacture thereof having a product of Figure of Merit and absolute temperature (ZT) exceeding 1.8 at  $700^\circ$  K.

5. Materials, apparatus and methods utilizing (including responsive to) radioactive sources in:
  - a. Life Sciences such as medicine (diagnostic and therapeutic), ecology, disease and pest control, animal husbandry, etc.
  - b. Industrial processes such as food processing, sterilization, polymer production, etc.
  - c. Investigations of the environment or the earth.
- E. Instruments employing a radioactive source and/or radioactivity detector in the operation thereof.
- F. Materials, equipment and methods for safeguarding and management of materials of nuclear interest, e.g., fissionable materials, radioactive materials, radioactive wastes, etc., so as to guard against the diversion of nuclear materials from uses permitted by law or treaty.
- G. Lasers, regardless of power or energy output indicated as having utilization in isotope separation, nuclear fission or nuclear fusion.

NOTE: This guide is currently undergoing revision. However, the areas listed as unclassified have not changed materially since the last revision in 1972.

CG-UF-3

## GUIDE TO THE UNCLASSIFIED FIELDS OF RESEARCH

U.S. ATOMIC ENERGY COMMISSION  
Division of Classification  
Washington, D.C. 20545

## APPENDIX D

## Secrecy Agreement

[JNAI Letterhead]

[Name and address of individual]

Dear \_\_\_\_\_:

Pursuant to a Classification and Security Agreement between Jersey Nuclear-Avco Isotopes, Inc. ("JNAI") and the United States Energy Research and Development Administration ("ERDA"), you will be given access to certain information which is proprietary to JNAI, solely for the purpose of carrying out ERDA's classification function. In order to protect JNAI's proprietary interest in this information, you will be required as a condition for receiving such access to observe the following terms and conditions:

1. As used in this letter agreement, the term "JNAI Proprietary Information" means any and all information of a business or technical nature relating to laser isotope separation or the JNAI program which is disclosed to ERDA, directly or indirectly, by JNAI in connection with the Classification and Security Agreement, in writing or otherwise; provided, however, that "JNAI Proprietary Information" shall not include information:

a. Which at the time of disclosure was not identified as proprietary to JNAI;

b. Which at the time of disclosure is, or thereafter becomes through no fault of yours or of ERDA, generally known or publicly available from other sources by publication or otherwise, but only after and to the extent that such information is generally known or publicly available; or

c. Which ERDA can show was in its possession prior to the time of such disclosure and was not, directly or indirectly, disclosed to ERDA by JNAI under an obligation of confidence.

Information which is made available to you in the course of visits to facilities operated by JNAI or its contractors will be deemed to be information disclosed to ERDA for purposes of this letter agreement. Further, with respect to the exceptions stated above, specific technical information shall not be deemed to fall within such exceptions simply because it is encompassed by more general descriptive information which falls within the exceptions above, unless and to the extent that such specific technical information itself falls within the exceptions. The fact that particular information, data, or material is or is not "Restricted Data," or has been classified or declassified, has no bearing on the

-2-

question whether such information, data, or material is JNAI Proprietary Information. JNAI documents containing JNAI Proprietary Information may be marked "Business Sensitive" or "Proprietary" or otherwise marked to indicate its proprietary nature. Any such markings which substantially identify a document as containing proprietary information shall satisfy the requirements of subparagraph a. above, whether made by JNAI or its consultants or contractors.

2. You agree that each time you have access to a document in the possession of ERDA which contains JNAI Proprietary Information, you will sign an access sheet indicating the date upon which you had access to that document.

3. You agree that "JNAI Proprietary Information" will be used by you solely for classification and security review purposes, will be treated by you as "JNAI Proprietary Information," and will not be disclosed or made available to anyone (including any ERDA consultant or contractor personnel) other than designated ERDA personnel as identified in Appendix C attached hereto, without the prior specific written agreement of JNAI.

4. You agree that you will not disclose "JNAI Proprietary Information" to the ERDA personnel designated in Appendix C except to the extent necessary for ERDA to carry out its classification and security functions. The disclosure of "JNAI Proprietary Information" to ERDA personnel identified in Category B of Appendix C shall be limited to unusual situations, as when a classification problem or policy issue is presented.

5. You agree and understand that disclosure to you of "JNAI Proprietary Information" shall not be construed as granting to you any rights in or under any patent application or patent, or any rights or licenses to use any invention or "JNAI Proprietary Information"; further, that such disclosure is solely for the purpose of classification and security review. You represent and agree that you will assert no rights in and to "JNAI Proprietary Information."

6. You agree that you will make no copies of documents containing "JNAI Proprietary Information" without the express written consent of JNAI, and that upon your termination of employment by ERDA you will not take from the custody of ERDA any documents containing "JNAI Proprietary Information."

7. You recognize that your obligations to treat "JNAI Proprietary Information" as proprietary to JNAI will continue even though you may leave the employ of ERDA.

Please indicate your acceptance of the foregoing conditions by signing the duplicate copy of this letter agreement in the space provided below and returning that copy to me.

Very truly yours,

JERSEY NUCLEAR-AVCO ISOTOPES, INC..

By

Attachment: Appendix C

Accepted by and agreed to:

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

GENERAL HISTORY OF THE HANDLING OF

25 "SPECIAL PATENT APPLICATIONS"

During the period November 1944 through December 1946, 25 patent applications covering inventions emanating from the Manhattan Project were filed in the U.S. Patent and Trademark Office (PTO), assigned serial numbers, and under special arrangement sealed in individual packages and placed in the custody of the U.S. Atomic Energy Commission (AEC) for safe keeping because of the special security sensitivity involved.

On September 14, 1950, the 25 patent application files, in sealed packages, were hand-carried by officials of the AEC to the PTO for inspection and for the purpose of adding certain papers to the files. Before those present, including the Commissioner of Patents, the packages were checked by serial number, and the packages were opened and inspected to compare with the file wrapper index the number of sheets of drawings and the number of papers in the specification. When the inspection was completed, the following papers were added:

- (a) change of address,
- (b) power of attorney (original),
- (c) assignment papers (original), and
- (d) signed copies of the letter of transmittal for (b) and (c).

In January of 1979 the U.S. Department of Energy (DOE) decided to review from a classification standpoint the files corresponding to those in the sealed packages. The object was to determine the current sensitivity of the files, and to return to the PTO those sealed packages corresponding to the files that were found to be no longer of such sensitivity as to warrant the special handling status previously accorded them.

As a result of the classification review, 17 of the 25 applications were determined to be Secret Restricted Data, and the 8 remaining were classified as Confidential Restricted Data.

On June 7, 1979, the 25 sealed patent applications were returned to the PTO and, before several witnesses, inspected for evidence of tampering, the seals broken, and the applications reopened and carefully reexamined for verification of contents. The Commissioner of Patents and Trademarks acknowledged receipt of the 25 patent applications. In a separate, subsequent letter, DOE expressly abandoned each of the 25 patent applications, since they were deemed to be unpatentable under Section 151 of the Atomic Energy Act of 1954, as amended.

MEMORANDUM FOR THE FILE - "ITEM 25"

On Thursday, June 7, 1979, at 2:00 P.M. twenty-five packages were turned over to the Commissioner of the Patent and Trademark Office by representatives of the Department of Energy.

Present were:

PATENT AND TRADEMARK OFFICE

Donald W. Banner, Commissioner of Patents and Trademarks

C. D. Quarforth, Director, Group 220

Edward Drazdowsky, Chief, Licensing and Review

DEPARTMENT OF ENERGY

James Denny, Assistant General Counsel for Patents

Dean Carlson, Patent Counsel

Anthony Campana, Technical Advisor

PRIOR HISTORY

Prior to September 14, 1950, twenty-five patent applications were placed in the custody of the Atomic Energy Commission for safe-keeping.

On September 14, 1950, the files were returned to the Office, opened, examined for content, repackaged, sealed before witnesses and returned to the custody of the Atomic Energy Commission by Commissioner John A. Marzall.

JUNE 7, 1979

Events of this meeting were as follows:

(1) Representatives of DOE proffered return of the twenty-five applications in sealed packages along with a letter, Attachment A, date-stamped June 7, 1979, 3:17 P.M. at the conclusion of the meeting, indicating that the subject matter of these applications does not now have the special security sensitivity previously accorded them. Each of the twenty-five patent applications were expressly abandoned.

MEMORANDUM FOR THE FILE - "ITEM 25"

-2-

(2) Commissioner Banner inspected the seals on each package, comparing the seals with a seal used to close the envelopes of the twenty-five applications on September 14, 1950, Attachment B. The Commissioner was satisfied that the seals placed on the envelope of each package were original, intact and had not been tampered with.

(3) Mr. Quarforth broke the seals on each package and withdrew the application therein. The Serial No. was identified and checked off by Mr. Drazdowsky against a master list, Attachment C, of applications prepared from a list of cases identifying applications in the custody of Atomic Energy Commission.

(4) Mr. Drazdowsky and Mr. Quarforth verified the contents of the applications as to original application papers, pages of specification, sheets of drawing and oath, any additional papers filed as a transmittal letter, power of attorney, assignment and change of address. A paper with the information indicated above, dated and signed by E. Drazdowsky was placed in the file wrapper of each application. Mr. Quarforth and Mr. Drazdowsky were satisfied that the returned applications were in regular form.

(5) Commissioner Banner acknowledged receipt of the twenty-five applications, Attachment D.

(6) Meeting adjourned at 3:15 P.M.

  
C. D. Quarforth  
Director, Group 220

Attachments:

Minutes May 29, 1980

- 3 -

until the details of such a system are elaborated, any final decisions on whether such a system would be desirable. The vote was 7-1 in favor.

Following the vote, the discussion turned to details of how the group would proceed. The following measures were decided:

1. A subcommittee would be established to prepare a draft of procedures that might be suggested for governmental use should prior restraint be necessary. The draft would cover
  - definitions: what is covered
  - process: voluntary, coerced, combinations
  - feedback to author/journal in the event of an adverse decision
  - appellate processes and burden of proof
  - judicial review? If so, how does it work?

2. A second subcommittee will be established to prepare a statement about the nature of cryptology suitable for readers of the group's final report who are not at present conversant with the subject.

3. The subcommittees will convene during the summer and the next meeting of the full group, to be held MONDAY & TUESDAY, OCTOBER 6 & 7, IN THE BAY AREA

4. Three Fall meetings of the full group are now being planned and additional funding will be sought for them.

Note: Subsequent to the meeting, it was agreed that Mr. Heyman and Mr. Baum would serve as co-chairmen of the group; that Mr. Heyman will chair the October 6-7 meeting; and that he will be in touch directly with group members to serve on the summer subcommittees.

WTF 5/30/80

Attach: Membership list  
Munitions Control Newsletter No. 80 2/80  
(for those not at meeting)  
Papers prepared by Schwartz & Heyman for  
meeting of 5/29 (file copies only)



DEPARTMENT OF STATE

Washington, D.C. 20520

MUNITIONS CONTROL NEWSLETTER

NO. 80

2/80

CRYPTOGRAPHY/TECHNICAL DATA

Concern has been voiced that ITAR provisions relating to the export of technical data as applied to cryptologic equipment can be so broadly interpreted as to restrict scientific exchanges of basic mathematical and engineering research data. The Office of Munitions Control wishes to clarify the application of the technical data provisions of Section 121.01, Category XVIII, of the ITAR as applied to equipment found in Categories XI(c) and XIII(b) of the Munitions List.

Cryptologic technical data for which a license is required under Section 121.01, Category XVIII, is interpreted by this office with respect to information relating to Munitions List items in Categories XI(c) and XIII(b) to include only such information as is designed or intended to be used, or which reasonably could be expected to be given direct application, in the design, production, manufacture, repair, overhaul, processing, engineering, development, operation, maintenance or reconstruction of items in such categories. This interpretation includes, in addition to engineering and design data, information designed or reasonably expected to be used to make such equipment more effective, such as encoding or enciphering techniques and systems, and communications or signal security techniques and guidelines, as well as other cryptographic and cryptanalytic methods and procedures. It does not include general mathematical, engineering or statistical information, not purporting to have or reasonably expected to be given direct application to equipment in such categories. It does not include basic theoretical research data. It does, however, include algorithms and other procedures purporting to have advanced cryptologic application.

2.

The public is reminded that professional and academic presentations and informal discussions, as well as demonstrations of equipment, constituting disclosure of cryptologic technical data to foreign nationals, are prohibited without the prior approval of this office. Approval is not required for publication of data within the United States as described in Section 125.11(a)(1). Footnote 3 to section 125.11 does not establish a prepublication review requirement.

The interpretation set forth in this newsletter should exclude from the licensing provisions of the ITAR most basic scientific data and other theoretical research information, except for information intended or reasonably expected to have a direct cryptologic application. Because of concerns expressed to this office that licensing procedures for proposed disclosures of cryptologic technical data contained in professional and academic papers and oral presentations could cause burdensome delays in exchanges with foreign scientists, this office will expedite consideration as to the application of ITAR to such disclosures. If requested, we will, on an expedited basis provide an opinion as to whether any proposed disclosure, for other than commercial purposes, of information relevant to cryptology, would require licensing under the ITAR.

  
William B. Robinson, Director  
Office of Munitions Control



NATIONAL SECURITY AGENCY  
CENTRAL SECURITY SERVICE  
FORT GEORGE G. MEADE, MARYLAND 20755

6 May 1980

MEMORANDUM FOR MEMBERS OF THE PUBLIC CRYPTOGRAPHY  
STUDY GROUP AND OBSERVERS

SUBJECT: PUBLIC CRYPTOLOGY

Enclosed is a statement of NSA's concerns relating to public cryptography which I agreed at the last meeting to circulate. I apologize for the delay in preparing this Statement. Also enclosed is a copy of an 11 January 1979 speech to AFCEA given by VADM B. R. Inman, Director, NSA, which supplies some further insight into our thinking on this subject.

I welcome your views and comments on these papers.

  
DANIEL C. SCHWARTZ  
General Counsel

2 Encls:  
a/s

STATEMENT

The principal issue is the extent to which national security concerns should influence research, commercial development, publication, or discussion of cryptography in the non-governmental arena. This growing non-governmental interest in cryptography has been generated in part in the course of specific or general research (in some cases funded by the Government), and in some cases in pursuit of a commercial interest in developing cryptographic or other telecommunications protection devices or systems, particularly those associated with computer or data transmissions.

In some instances, increased activity in cryptography by persons and institutions in the non-governmental arena may have commercial and academic benefits. Work directly in cryptography or in related fields may have a beneficial impact on developments in mathematics, computer science, and engineering which have potential benefits to fields apart from cryptography. If aimed at recognized customer needs, some products developed in the course of this activity can experience a commercial success and may provide meaningful telecommunications protection useful for both non-governmental and some governmental purposes. Although governmental efforts in the cryptologic sciences have traditionally led private efforts, private efforts may develop new techniques or insights that would benefit broader governmental interests.

At the same time, however, extensive public work in cryptography and related fields can have a significant potential adverse impact in a number of related ways on the national security.

This risk may become greater to the extent that work moves away from pure research into development and application. The first area of concern relates to the ability of the United States Government to gather foreign intelligence from the communications of foreign governments or other foreign parties. As information relative to cryptography proliferates, our potential sources of intelligence are reduced by making foreign governments or other foreign parties aware that their cryptographic systems are vulnerable to attack or by encouraging them to develop or adopt more sophisticated systems that are much more difficult for the United States to exploit.

There is a second general area in which extensive work in public cryptography may have an adverse impact on our national security. Substantial work in the cryptographic and cryptanalytic fields, together with a wide-spread dissemination of resulting discoveries, could lead to the publication of cryptographic principles or applications similar to those used by the United States Government. Such work may enable foreign powers to more successfully engage in cryptanalytic attack upon U.S. telecommunications.

[White House statement]

16 FEB 1979

## NATIONAL TELECOMMUNICATIONS PROTECTION POLICY

1. The President has reviewed the results of the NSC Special Coordination Committee's consideration of the PRM/NSC-22 study and has reached the following conclusions. It is the President's intention that the following statement of national policy be used to guide the conduct of U.S. government activities in and related to security of telecommunications.
2. The National Telecommunications Protection Policy shall consist of the following major elements:
  - a. Government classified information relating to national defense and foreign relations shall be transmitted only by secure means.
  - b. Unclassified information transmitted by and between government agencies and contractors that would be useful to an adversary should be protected.
  - c. Nongovernmental information that would be useful to an adversary shall be identified and the private sector informed of the problem and encouraged to take appropriate measures.
  - d. As a precautionary measure, the responsible agencies should work with the Federal Communications Commission and the common carriers to adopt system capabilities which protect the privacy of individual communications and to carry out changes in regulatory policy and draft legislation that may be required.

Further, the laws which protect against criminal domestic acts such as wiretaps or intercept shall be strictly enforced.

The following activities should be pursued in support of the above policy.

- a. The private sector telecommunications carriers should be briefed on the nature of the threat and appropriate government research and development information shall be made available so as to help and encourage them to devise adequate protection strategies. A similar program shall be pursued for government contractors and other most likely affected industries, corporations and private sector entities.

- b. The Secretary of Defense shall initiate through the industrial security mechanism, new and improved personal and telecommunications security measures among business organizations holding classified defense contracts.
- c. All departments and agencies shall revitalize programs of security training for U.S. government personnel who use telephones and other means of communication for both unclassified and classified purposes.
- d. Subject to continuous review of available technology and reassessment of the foreign intercept threat, the following immediate technical actions shall be undertaken:
  - (1) The Government shall conduct a multifaceted research and development program covering both system and user oriented protection approaches.
  - (2) Phase I and II of the DUCKPINS cable program shall be completed as soon as possible.
  - (3) Executive Secure Voice Network (ESVN) systems shall be installed when appropriate high priority requirements can be validated.
4. Management and policy review responsibilities for telecommunication protection shall be organized as follows:
  - a. The NSC Special Coordination Committee (SCC) shall be responsible for providing policy guidance and for ensuring full implementation of this policy, including effective protection techniques for the Government and maximum assistance to the private sector, to enhance its protection from interception. The SCC shall exercise this responsibility through a special Subcommittee on Telecommunications Protection chaired by the Director, Office of Science and Technology Policy, with administrative support provided by the Secretary of Commerce. The Subcommittee shall include, but not be limited to, representatives of the following departments

and agencies: State, Treasury, Justice, Commerce, Defense, Transportation, Energy, Central Intelligence Agency, General Services Administration, the National Security Agency, and the National Security Council staff.

- b. The Secretary of Defense shall act as the Executive Agent for Communications Security (COMSEC) to protect government-derived classified information and government-derived unclassified information which relates to national security. COMSEC is concerned with protective measures designed for the security of classified information and other information related to national security.
- c. The Secretary of Commerce shall act as the Executive Agent for Communications Protection for government-derived unclassified information (excluding that relating to national security) and for dealing with the commercial and private sector to enhance their communications protection and privacy.
- d. It is recognized that there will be some overlap between the responsibilities of the Executive Agents, in that Defense will continue to provide some noncryptographic protection for government-derived unclassified information as it does now, and Commerce will have responsibilities in commercial application of cryptographic technology. The subcommittee will review such areas on a case-by-case basis and attempt to minimize any redundancies.
- e. The subcommittee should choose a future implementation strategy based on cost-benefit analysis, legal considerations, and regulatory policy.
- f. The heads of all departments and agencies of the Federal Government shall organize and conduct their communications security and emanations-security activities as they see fit, subject to the provisions of law, the provisions of this policy and other applicable directives, and the decisions of the subcommittee. Nothing in this policy relieves the heads of the individual departments and agencies of their responsibilities for executing all measures required to assure the security of federal telecommunications and the control of compromising emanations.

UNITED STATES of America, Plaintiff,  
v.

The PROGRESSIVE, INC., Erwin Knoll,  
Samuel Day, Jr., and Howard  
Morland, Defendants.

No. 79-C-98.

United States District Court,  
W. D. Wisconsin.

March 26, 1979.

Findings of Fact and Conclusions of  
Law March 28, 1979.

The United States sought a temporary restraining order to enjoin the publishers of a magazine from publishing or otherwise communicating or disclosing allegedly restricted data contained in an article entitled "The H-Bomb Secret; How We Got It, Why We're Telling It." The District Court, Warren, J., held that publication of the article would likely constitute a violation of the Atomic Energy Act and endanger national security, and that a preliminary injunction should therefore issue despite the fact that it would result in a prior restraint of the publisher's First Amendment rights.

Preliminary injunction issued.

#### 1. Records ⇐31

Provisions of Atomic Energy Act would likely be violated if magazine publisher were permitted to publish article describing method of manufacturing and assembling hydrogen bomb. 28 U.S.C.A. § 1345; Atomic Energy Act of 1954, §§ 224(b), 232, 42 U.S.C.A. §§ 2274(b), 2280.

#### 2. Records ⇐31

As applied in proceeding by United States to preliminarily enjoin publication of magazine article describing method of manufacturing hydrogen bomb, provisions of Atomic Energy Act were not unconstitu-

## APPENDIX 4.—SELECTED CORRESPONDENCE

KEAN COLLEGE OF  
NEW JERSEY  
MORRIS AVENUE  
UNION, N.J. 07083

10 June 1980

Dr. Michael Heyman, Cochairman  
Public Cryptography Study Group  
Chancellor's Office, 200 California Hall  
University of California  
Berkeley, California 94720

Dear Dr. Heyman,

First, let me thank you for allowing me to attend the second meeting of the Public Cryptography Group in Washington on 29 May of this year. I am writing this letter to make several comments which I believe may aid the members of the committee this Summer in their deliberations as well as to reiterate some of my comments at the meeting for the written record.

It still seems to me that the composition of the Study Group itself is not as representative as it should be. Because an object of your group's study is to consider a system of prior restraint on publication in the cryptologic field, it would then seem appropriate that persons doing non-governmental cryptologic research as well as the publishers of such material should be represented on the committee. In this country, the publishing of cryptologic related work is highly concentrated with the percentage distribution being approximately as follows:

40% 1. Cryptologia Magazine (Albion, Michigan)

2

40% 2. Aegean Park Press (Laguna Hills, Ca.)  
15% 3. IEEE Journals and related publications  
5% 4. Others

In spite of this fact, no one at Cryptologia Magazine or Aegean Park Press knew of the group's formation or existence. Further, when the editors of Cryptologia asked to have a representative appointed to the committee, we were told that no additional funding was available. (I see from the minutes of the second meeting however that additional funding will apparently be available for further meetings of the group.)

The study group contains some very distinguished individuals, but, as, I think, most of them would admit, few of them have any knowledge of cryptology. This is, in essence, like gathering a group of biologists to assess research in physics. Some of the committee's members are now, or have been, consultants for NSA- this hardly makes them impartial as regards this matter. If we consider the seriousness of a concept like prior restraint from publication in a free society, it is seen to be imperative that persons conversant with cryptology and who, in addition, are non-governmental be included when the committee does its work.

Although I appreciate the job NSA does for this country, it would be a mistake to vest them with the power to prevent publication of material that they consider harmful. As anyone who has dealt with the agency knows, NSA considers just about everything related to cryptology sensitive. The agency constantly refuses to declassify material which is of historical interest even after the cryptographic methods involved have ceased to be used generations before.

In one case involving William Friedman, NSA classified a paper which had been freely circulated throughout the world for 30 years. One of the major allegations against one former NSA employee who was sent to jail was that he took a copy of the Chinese Telegraphic Code and gave it to an unauthorised individual. NSA had classified this particular code as SECRET although it was in commercial use throughout the world. Prior to the publication of David Kahn's The Codebreakers the director of NSA personally tried to prevent its appearance through appeals to the publisher. Kahn's book is a history, not a technical treatise, and was based on publically available documents.

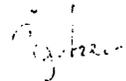
The idea that was put forth at the meeting regarding a critical core knowledge which should be subject to censorship is specious. Due to the tremendously wide range of cryptographic systems in use at any given time, almost any selected concept could be declared critical knowledge. Further, one could justify the classification of such material merely on the grounds that somewhere a related cryptographic system is in use.

As an illustration of some of the ideas involved here, I will give an actual example. Enclosed is a message which was intercepted and solved during World War I. The cipher method employed is termed columnar transposition. Note that this document was classified as SECRET. Let us inquire just what it is that is "secret" in this case. Is it the knowledge that ciphers employing this method of encipherment can be solved? No. It was common knowledge in 1918 that columnar transpositions were often solvable by elementary methods. What is "secret" here is that this message was intercepted and solved. Further it is importance that the Allies knew the German Admiralty was using this particular cipher method.

The assumption is, of course, that if country X learns there are methods of solving its cryptographic systems then those systems will be altered. This is frequently not true. In one known example, the defection of NSA cryptologists Martin and Mitchell to the Soviet Union, exposure of NSA's success in reading the ciphers of a number of European nations did not lead to wholesale switches in cryptographic systems. For the third world nations to alter their systems is even more difficult since they are at the mercy of commercial manufacturers many of whose devices are not all they should be. NSA gleens most of its cryptanalytic results in breaking the codes and ciphers of these countries.

People who want high grade cryptographic protection will continue to find means of obtaining it regardless of what is or is not said or published. Conversely, other people will continue to employ faulty cryptographic methods even if they are known to be weak. I can't see that this situation, which has held true for years, will ever alter much. The U.S. government itself probably gave away more computer cryptographic "tricks of the trade" in publishing the Data Encryption Standard (DES) than all of the hardware and software vendors even knew.

Best wishes,

  
Cipher A. Deavours  
Associate Professor of Mathematics  
Kean College of New Jersey

Copies: All committee members  
Authorised Observers

GENERAL HEADQUARTERS, AMERICAN EXPEDITIONARY FORCES,  
GENERAL STAFF, SECOND SECTION (G.2, A.C) (asm)

(DISTRIBUTION "A")

May 16, 1918.

GERMAN ADMIRALTY CIPHER

The following message was intercepted at 11:34 p.m., May 13th,  
at these Headquarters:

'ALTMARK ALTMARK 13 MAI 41 GRUPPEN  
EELNS MEUAG HRLNV RSMDG DCNOA ACEFN FNFPE OSGAA  
EEDD DMWLR RTHNA TOSON SNU'IK LNICP USUSS HFEIN  
EADN HNRNE FAEUN EHBAS RTARR NUERI MGURE KCOBT  
EITOF ILTAN NUAEM EIODE DEHZK GNTCH NADU'G URSRT  
EELR ICAUN ZDMRF ALCNL NEULU BESDH TENAH DNJUST  
A'WLSZ "

It yields to the simple columnar transposition - Key 3-2-1-4-5,  
and reads as follows:

"AU BORD BEFINDLICHEN LANDSTURMMANN WENZEL UND FRAU MARGARETHE  
FUHRMANN LELEA NICHT VON BORD LASSEN SONDERN DEUTSCHLAND ZURUECK  
BRINGEN KONSULAT BENACHRICHTIGEN EMPFANG UND AUSFUHRUNG DES  
FUNKSPRUCHES SOFORT BESTAETIGEN AN ADMIRALSTAB ZZ"

No address nor signature were given.

## TRANSLATION.

"Do not let Reservist Wenzel and Mrs. Margaret Fuhrman Lelea,  
who are on board, disembark, but bring them back to Germany.  
Notify Consulate. Confirm at once to the Admiralty Staff  
the receipt and carrying out of this wireless message."



DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D.C. 20310

REPLY TO  
ATTENTION OF:

DAJA-IP

14 MAR 1980

Honorable Richardson Preyer  
Chairman, Government Information and  
Individual Rights Subcommittee of the  
Committee on Government Operations  
Rayburn House Office Building  
Room B-349-B  
Washington, D.C. 20515

Dear Mr. Preyer:

During the testimony of Mr. Rene Tegtmeier, Assistant Commissioner for Patents, at a hearing before the Subcommittee on February 28, 1980, he was asked for but unable to provide information regarding the amount for which claims had been settled under the provisions of the Invention Secrecy Act. For those claims which our records reflect were settled in whole or in part under that statute, the following information is provided, in response to an informal request by your staff. It should be noted that claims under the Invention Secrecy Act generally are encompassed within a much more substantial claim for infringement of a subsequent patent, and the secrecy order damages frequently reflect a small part of the total settlement.

In 1946, the military departments settled an administrative claim filed by the Massachusetts Institute of Technology for use of an invention disclosed in a patent application which was under secrecy order from 1942 to 1945. The invention pertained to a servo-mechanism used during World War II. The Government agreed to pay MIT a lump sum of \$50,000 and to pay royalties with a \$50,000 ceiling to Sperry Gyroscope Corporation. The Government received a release from the secrecy claim and a paid-up license under the patent application and any resulting patents.

In 1956, enactment of Private Law 84-625 resolved a request in the nature of a claim by William F. Friedman. Friedman, an employee of the National Security Agency and its predecessor organizations, had made several inventions relating to cryptography. All Government use of the inventions was authorized by

DAJA-IP  
Honorable Richardson Preyer

its ownership of invention rights or its shop right license in its employee's inventions. Friedman had requested payment from the Government for the lost commercial rights in his inventions, resulting from his inability to market the inventions in other countries because of the secrecy orders imposed on the inventions. Congress awarded Friedman \$100,000 for those commercial rights, with the concurrence of the Army.

In about 1959, a law suit by Dr. Otto Halpern was settled during the course of litigation. Halpern's patent application relating to radar was put under secrecy order in 1945 and remained thereunder until 1959. The claim for damages for use of the invention while it was under the secrecy order was settled by payment of \$305,000.

In 1961, the military departments settled an administrative claim filed by the International Telephone and Telegraph for use of a radar invention. The invention was disclosed in a patent application which was under secrecy order from 1941 to 1945 and which finally issued as a patent in 1957. The claim asserted use resulting from disclosure incidental to the invention secrecy process, infringement of the patent, and use of the patent in foreign assistance programs. Settlement involved payment of \$1,000,000 for all past claims and a future license for an annual ceiling of \$300,000 for five years, reduced to \$200,000 for the following seven years.

In about 1964, litigation by Farrand Optical Company was resolved by settlement and payment of \$657,622.17 as damages and delay compensation for use of an invention which had been placed under secrecy order in 1949 and remained thereunder until 1954. The patent issued in 1955. The damages were apparently computed on the basis of the Government's procurement from 1950 until 1960.

In 1977, litigation by the General Electric Company was settled by the Government. The case involved the Government's use of a radar invention. The patent application was under secrecy order from 1941 to 1945, and the Government's use of the invention had been licensed in part. The claim for use during the period of the secrecy order, for use of the invention incidental to foreign assistance activities, and for infringement of patent which issued in 1958 was settled by payment of \$400,000. By concurrent license agreement, the Government purchased a paid-up license for future use of the patented invention for \$875,000.

DAJA-IP  
Honorable Richardson Preyer

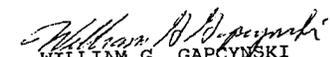
In 1979, litigation by Atlantic Research Company was resolved by settlement. The claim involved Government use of a propellant invention which was under secrecy order from 1964 to 1974 and which resulted in an issued patent in 1977. The settlement involved payment of \$300,000 for past infringement and secrecy order damages and a paid-up license under the patent.

In 1979, the Air Force settled an administrative claim filed by McDonnell Douglas Corporation for use of a target drone invention which was under secrecy order from 1960 to 1976. The Government paid \$450 for a release from the claim.

For your information, I am also forwarding a copy of a newly published comparative study\* on Methods Employed in NATO Countries for Imposing Secrecy on Patent Applications and Inventions Pertaining to Defence.

I hope this information will be useful to you.

Sincerely,

  
WILLIAM G. GAPCYNSKI  
Chief, Intellectual Property  
Division

\* Available in subcommittee files



DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D.C. 20310

REPLY TO  
ATTENTION OF

DAJA-IP

27 February 1980

Honorable Richardson Preyer  
Chairman, Government Information and  
Individual Rights Subcommittee of the  
Committee on Government Operations  
Rayburn House Office Building  
Room B-349-B  
Washington, D.C. 20515

FEB 27 1980

Dear Mr. Preyer:

Reference is made to your letter of February 11, 1980 requesting information on implementation and operation of the Invention Secrecy Act, addressed to Dr. William J. Perry, Under Secretary of Defense for Research and Engineering.

There are no recent statements or opinions on constitutionality or feasibility of the Act. The materials discussed below have been gathered to provide such information as is available in response to your request.

Inclosure 1 is a memorandum prepared in this office, discussing administrative claims activity under the current invention secrecy law and its predecessor. Attachment 1 to that memorandum lists the 29 known claims in which Department of Defense agencies have been involved since 1945. Attachment 2 is a table indicating the final results of the claims. Attachment 3 is a memorandum regarding waiver of claims in foreign-origin cases.

Inclosure 2 is a copy of the Manual of the Armed Services Advisory Board (ASPAB). Sections III D and IV D are undergoing current revision, as are several forms relating to Board procedure.

Inclosure 3 is a copy of the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for Which Applications For Patents Have Been Made and the Implementing Procedures thereto. Other international agreements are listed in Appendix G of Inclosure 2.

Inclosure 4 is a table showing ASPAB activity during recent years.

DAJA-IP  
SUBJECT: Honorable Richardson Preyer

Inclosure 5 is a table of the number of cases received from the Patent and Trademark Office for review. Under 35 U.S.C. 184, an inventor of an invention made in this country cannot file a foreign patent application within six months of the filing of a U.S. application without special permission. Experience indicates that the median time for review of a patent application, to determine whether a secrecy order is required, is about three months. Inclosure 5 thus indicates the percentage of cases which could not possibly have been reviewed within the six-month period because they were not received within that period and the number which probably were not reviewed in time, given the age of the application when received. This delay is believed to be caused by personnel shortages in the Patent and Trademark Office and the length of time taken to screen and prepare microfiche reproductions of selected patent applications for review by the defense agencies.

Inclosure 6 is a memorandum concerning the relationship of invention secrecy activity to the Patent Cooperation Treaty. Under the current regulation issued by the Commissioner of Patents and Trademarks, 37 CFR Part 5, there seems to be no conflict between U.S. law and the treaty. So far, we have not had any experience with claims resulting from lost treaty priority dates.

We are not certain how much additional time is required for annual review for secrecy orders caused by National Emergencies Act. The greatest amount of time is required from technical personnel familiar with the technology, who must individually determine whether an application should be retained under secrecy. Those personnel are scattered through the military department field agencies. In the Air Force which has the smallest number of cases under secrecy order, review has always been performed on an annual or more frequent basis. Thus, apart from minor paperwork requirements, there appears to be no increase in Air Force workload. The Navy determined that its additional administrative workload required 1,885 manhours during calendar year 1979, excluding the time of technical review personnel. The Army field activity is undergoing a substantial change in its review system, and the additional workload cannot be determined. The ASPAB Secretary spends approximately 20% of her time on increased paperwork caused directly by annual renewal requirements.

I hope that this information will be useful to you.

Sincerely,

*William G. Gapcynski*  
WILLIAM G. GAPCYNSKI  
Chief, Intellectual Property  
Division

6 Incls  
as

\* Inclosures 2 and 3 available in subcommittee files.



DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D.C. 20310

REPLY TO  
ATTENTION OF:

DAJA-IP

27 February 1980

MEMORANDUM FOR THE RECORD

SUBJECT: Categories of secrecy order cases and related claims

1. Background. The recipients of invention secrecy orders imposed pursuant to 35 USC 181 fall into a variety of categories. Whether an administrative claim is likely to be asserted depends in part on the category in which the owner of the invention fits. A claimant may seek compensation for use of the invention resulting from disclosure as part of the secrecy order process or compensation for damages caused by the secrecy order. This memorandum discusses administrative claims in light of those factors.

2. Attachments. Attachment 1 is a list of all secrecy order claims involving the Department of Defense known to this office. Most of the records have been retired, and the comments on the various claims are based upon current files or log sheets pertaining to retired files. The information has been augmented by discussions with claims personnel in the other DOD agencies. The tabulated results of the 29 known claims are given in Attachment 2. A memorandum relating to partial waiver of claims is contained at Attachment 3.

3. In-house Government research. Secrecy orders are not imposed on unclassified patent applications filed by Government agencies. If a patent application filed by the Government bears security markings, it is handled by the Patent and Trademark Office (PTO) in accordance with security requirements. The PTO does not refer such cases to the defense agencies for review. At some time during the prosecution of the patent application, the agency filing the patent application requests that a secrecy order be imposed. When patent prosecution has progressed to the stage that the application is in condition for allowance, the secrecy order allows the PTO to hold the application



in abeyance until the application can be published as part of the patent process. No administrative claim would accrue, because the Government itself owns the invention or otherwise is authorized to prevent publication of classified information. This category makes up a substantial portion of all secrecy order cases.

4. Government contractor research

a. Classified contracts. By contract clause, the contractor is required to supply the contracting officer with a copy of any patent application relating to the classified contract and disclosing classified information. Upon receipt of a copy of the application, the agency initiates action to obtain a secrecy order. The PTO does not normally refer such applications to the defense agencies for secrecy review, but an occasional application is referred before a secrecy request has been received from the agency. In such cases, the PTO sends only an abbreviated disclosure, calling the agency's attention to the existence of an application relating to a particular contract.

b. Classified information. If any contractor patent application contains any classified matter, the contractor will mark the application with appropriate security markings. The contractor understands that a secrecy order will be imposed because of the classified material. As in the case of Government-filed applications, the secrecy order allows the PTO to hold patent prosecution in abeyance from the time the application is otherwise in condition for allowance and the time when the contents can be published as an issued patent.

c. Unclassified material. If an application relating to a contract does not contain classified material, it should not be subject to a secrecy order. The agency primarily concerned has determined that the subject matter is not of a nature that requires classification. However, such applications do not necessarily indicate on their face that they relate to Government contracts. The PTO may pull the application as part of its screening process and refer the application to another Government agency for secrecy review. That agency may request a secrecy order. On request from the contractor and upon coordination between the agencies, such secrecy orders may be rescinded quickly. If not, a claim would accrue.

d. Claims. Secrecy order claims involving contractor research are rare. The owner of the patent application is already

working with the potential customer for the invention. The permit routinely issued at the time of the secrecy order allows the owner to disclose and attempt to market the invention to other Government agencies. The actual cost of making the invention has been borne by the Government, so the owner has lost no investment. There is not likely to be any actual damage to the contractor. In addition, the Government's license rights in the invention allow royalty-free use of the invention while the secrecy order is in effect. A claim by a Government contractor is more likely to turn on a dispute whether the invention in question is in fact a subject invention under a Government contract.

5. Private research and development. This category includes what is believed to be the smallest number of secrecy orders but generates nearly all administrative claims relating to secrecy orders. The patent application may be owned by a corporation or by an individual inventor. Except as indicated in f. below, the inventors usually intend that the invention will relate to national security. These inventions involve weapons systems or other technology similar to the research done by the defense agencies.

a. Classified information. Inventors obtain access to classified information as part of their work on contractor research or as Government employees. If such information is incorporated into a patent application, the application should bear security markings. The classified material is frequently inserted merely to illustrate the utility of the invention. If so and if there is a nonmilitary use of the invention which would justify a patent which excludes the classified information from the body of the patent document, it may be possible to remove the classified information from a subsequent patent application and avoid a secrecy order. The modified second application mitigates the damages of the inventor and can avoid the need for an administrative claim. See the ACF and Lear Siegler claims discussed in Attachment 1.

b. Sales to intended market. As indicated, most inventors in this category intend that the invention will be sold to the Government. The defense agencies are the primary market for explosives, missile guidance systems, and similar military inventions. At the time the secrecy order is issued, the inventor usually receives a permit allowing disclosure of the invention to Government agencies potentially interested in the invention. The applicant may sell to the Government the product to which the invention relates or may receive development contracts as

a result of the applicant's knowledge acquired in the course of making the invention. On petition, the applicant may also obtain special permission to disclose the invention to other parties for marketing purposes, if the disclosure does not conflict with the underlying reasons for the secrecy order. In these cases, a claim would accrue, but it would not be likely to be asserted. The applicant has achieved the desired market for the invention. When the secrecy order is finally rescinded, the owner still has the full 17-year patent life to continue exclusive marketing of the invention.

c. Foreign applications. The United States has agreements with the NATO countries and with Sweden and Australia to allow cases which are under secrecy order in the United States to be filed in those countries and receive protection in those countries similar to that provided in the United States. An applicant can petition for a permit to file an application in those countries. Such foreign filing will mitigate the applicant's damages. When the secrecy order is eventually rescinded, the applicant will have foreign rights. If the owner of the application wants to sell the invention to foreign Governments while it is under the secrecy order, he can petition for a permit as discussed in b. above. Generally, the procedure for obtaining permission to file a foreign patent application is easier than obtaining permission to export other kinds of technology or information under the Arms Export Control Act.

d. Failure to sell the invention. If the Government, as the primary potential customer, is not interested in the invention, the owner of the application may file a claim in an effort to recoup his investment or obtain anticipated profits. The Government's lack of interest is frequently the measure of the value of the invention in such cases. If there is no willing customer for the invention, it has no value. The damages become nominal. Such "paper patents" are common in the patent system. They are not successfully exploitable. If the owner had reasonable opportunity to market the invention and was unable to make a profit because the invention is worthless, the secrecy order has not caused recognizable damages.

e. Use of the invention

(1) The exclusive rights of a patentee are normally limited to the 17-year period from issue of the patent until its expiration. There is no statutory liability for unauthorized use of an invention which is described in a patent application.

The Invention Secrecy Act extends the rights of the owner of the patent application to cover use of the invention by the Government prior to issuance of the patent, if such use resulted from disclosure of the invention during the secrecy order process. (The Farrand Optical Case discussed in Attachment 1 is an exception to this statement.)

(2) Actual use of the invention by the Government has been the real measure of the value of the invention and extent of injury to the owner of the patent application. In every case listed in Attachment 1 in which a claim has been resolved favorably to the applicant, whether at the administrative level or during litigation, the amount of damages has been predicated on the amount of use of the invention by the Government. Frequently, use during the term of the secrecy order has been combined with use after issuance of the patent in determining the amount of damages. When denied, the denial of the claim appears to have been based on:

- (a) Lack of any Government use of the invention;
- (b) Lack of validity of the issued patent or the claims in the pending patent, in effect asserting that the Government used technology that was in the public domain; or
- (c) Assertion of a prior right allowing royalty-free use of the invention by the Government.

f. The surprised inventor. Occasionally, a secrecy order will be imposed on an invention which the inventor did not intend the invention to have military implications, as in the Nicolai claim discussed in Attachment 1. The application falls within a broad category of inventions having potential effect on the national security. In some cases, the inventor may be able to establish that the secrecy order should be rescinded, thereby avoiding the need for a claim.

6. Foreign-origin applications. Under the same international agreements which allow United States inventors to file foreign applications while a secrecy order exists in the United States, discussed in 5c. above, foreign applicants can file applications in the United States. Such applications are accompanied by a request from the applicant or the Government of origin for imposition of a secrecy order in the United States. As indicated in Attachment 3, most of these applications involve an automatic waiver of any claim for damage except that damage resulting from use or unauthorized disclosure of the invention by our Government. The Homa claim discussed in Attachment 1 is the only known claim in this category.

  
 H. M. HOUGÉN  
 Lieutenant Colonel, JAGC  
 Army Member, Armed Services Patent  
 Advisory Board

26 February 1980

## ADMINISTRATIVE CLAIMS INVOLVING INVENTION SECRECY ORDERS

The following information has been obtained from a review of current administrative claims files and older log sheets maintained in the Office of The Judge Advocate General Department of the Army. The information has been augmented by reports from the Department of the Navy, Department of the Air Force, and National Security Agency. It is believed to contain most claims relating to invention secrecy which are currently pending or have been resolved by Department of Defense agencies since 1945.

ACF Industries, Inc.

A claim against the National Security Agency (NSA) resulted from a secrecy order imposed on a patent application prepared by former NSA employees. The invention, a synchronization device usable on classified encryption equipment, did not itself require a secrecy order. The secrecy order was imposed because the application discussed the classified equipment used by NSA and known to the inventors by reason of their prior employment. An NSA offer to allow a related application to avoid a secrecy order, if the discussion of classified equipment were expunged from the application, was disregarded. The claim is pending at NSA.

Colonel William F. Friedman

A Government employee who made a number of encryption inventions filed a claim for invention secrecy damages. There were serious employee invention rights issues in the claim. The matter was resolved by enactment of Private Act 84-625, May 10, 1956.

Robert W. Heineman

A Government employee claimed ownership of a patent previously assigned by him to the Government. The claim was denied. In subsequent, pending litigation, the employee alleges secrecy order damages as well as infringement during the time the invention has been owned by the Government.

Norman A. MacLeod

The inventor of an anti-personnel mine filed an invention secrecy claim. It was denied in 1961, because the

Government had obtained a royalty-free right to use of the invention under prior Government contracts.

Meyer Piet and Futurecraft Corporation

A secrecy order claim was denied in 1958 because of Government property rights in the invention.

American Standard, Inc.

The claimant acquired the assets of another company, which included several patent applications relating to encryption devices. A claim is pending at the National Security Agency. Some of the inventions apparently were made under Government contracts.

Atlantic Research Corporation

An administrative claim was filed for use of a rocket propellant while the application was under a secrecy order. The claim was denied for technical reasons concerning the validity of the patent claims and an apparent license right in the Government. Suit in the Court of Claims resulted in a \$300,000 settlement, based on actual use of the invention before and after the patent issued.

Farrand Optical Company

An administrative claim for use of a hemispheric bomb sight involved use of the invention prior to the secrecy order and after issuance of the secrecy order. The claim was terminated by litigation. See Farrand Optical Co., Inc. v. United States, 325 F.2d 328 (2d Cir. 1963). The suit resulted in settlement. The facts indicated a breach of implied contract rather than a true secrecy order problem. The inventor's disclosure was not related to the secrecy process, and the existence of the secrecy order merely served as a jurisdictional vehicle for the court.

General Electric Company

The claim involved a radar patent. The thrust of the claim alleged infringing use of the patent, but there was an issue involving a secrecy order. The case was eventually settled prior to trial in the Court of Claims, and the secrecy order issue was resolved as part of the overall settlement.

General Tire and Rubber Company

A secrecy order claim by General Tire and Rubber Company was denied in 1962 for undetermined reasons.

Goodyear Aerospace Corporation

Goodyear filed a claim for alleged use of a lightweight armor invention while a secrecy order was in effect, as well as for infringement of the subsequent patent. Among the reasons for denial of the claim were lack of use of the invention and absence of damages caused by the secrecy order. The case is now pending in the Court of Claims.

International Telephone and Telegraph Corporation

An infringement claim filed by ITT was settled in 1962. A portion of the claim related to invention secrecy.

Lear Siegler, Inc.

Lear owned three patent applications relating to proximity fuses and detection systems. After imposition of a secrecy order, one of the applications was redrafted at the suggestion of the Government, so as to avoid a subsequent secrecy order, and filed in the United States Patent and Trademark Office. Over several years, Lear received research and development contracts from the Air Force and the Navy to develop these inventions further. Eventually, the military departments decided that they had no further interests in adopting the invention. Lear then filed administrative claims against the military departments. Because there had been no unauthorized use of the inventions by the agencies, Lear had only a claim for damages caused by the secrecy orders. The agencies determined that the owner had not established the existence of any compensable injury, and the claims were denied. The claimant has subsequently brought suit in the Court of Claims.

Massachusetts Institute of Technology

An invention secrecy claim was settled in 1951.

McDonnell Douglas Corporation

An administrative claim against the Air Force was settled in 1979 on the basis of the single infringing use of the

invention. The portion seeking recoupment of lost investment caused by the secrecy order imposed by of the British Government has been referred for settlement by that Government.

Solar Aircraft Corporation

A claim for infringement and secrecy order damages was denied by the Air Force, for undetermined reasons, in 1956.

Subcom, Inc.

A secrecy claim for a range and depth detection system is pending with the Navy.

Howard H. Aiken

A secrecy order was imposed on a cryptography invention on behalf of the National Security Agency. The claim was denied in 1971 for undetermined reasons.

Emil J. Bolsey

The inventor of an electro-optical device relating to aerial reconnaissance filed a claim for damages cause by a secrecy order and by infringement of the subsequent patent. The Army has denied that portion relating to infringement on the basis that there was no Army use of the invention. The Air Force, which imposed the secrecy order, is currently working on other aspects of the claim.

Eugene Emerson Clift

A claim for alleged use of an invention while a secrecy order was in effect was denied in 1970, for lack of such use. Litigation against the National Security Agency is pending in federal court.

David Fales

The inventor of an energy detection system filed and withdrew a secrecy order claim in 1969. The inventor's heir renewed the claim in 1978. The second claim was denied by the various military department in 1979 and 1980, for lack of Government use of the invention and lack of substantiation of any damages caused by the secrecy order.

Dr. Otto Halpern

A claim relating to an anti-radar invention was denied for lack of Government use or other damages. The subsequent litigation (Halpern v. United States, 258 F.2d 36 (2d Cir. 1958)) resulted in settlement with the inventor.

David M. Homa

A Canadian inventor filed a secrecy claim for an electronic device. The United States secrecy order was imposed upon request of the Canadian Government, because of a prior secrecy order imposed in Canada. The claim was denied by the Navy in 1971, for non-use of the invention.

Eugene Maynor

A secrecy claim relating to a rocket motor was denied in 1950, for undetermined reasons.

David Pelton Moore

In 1966, the inventor of an explosive compound asserted a claim for infringement of the patent. The claim was denied in 1967 for lack of Government use of the patented invention. Moore later brought action in the Court of Claims. The secrecy order, which had been imposed in 1956 and rescinded in 1957, was not asserted as a basis for action until Moore's Second Amended Petition was filed in the Court of Claims in 1975. That case is still pending in the Court after a long series of delays by plaintiff's counsel. The secrecy order does not appear to have been a serious issue in the case, despite its mention in the petition.

Carl Nicolai

Private inventors (one of whom is believed to be a Government employee) were working on commercial encryption of computers. The patent application was placed under a secrecy order because of the relationship of the invention to technology of concern to the National Security Agency (NSA). During a major media attack on the secrecy system, the secrecy order was rescinded, before the invention was placed in condition for allowance by the Patent and

Trademark office. Thus, the patent was never withheld, and there were apparently no injuries caused by the secrecy order. The Army denied the inventors' claim for \$2.5 million on the basis that their patent had never been withheld, so they had no standing to make a claim. There has been no Army use of the invention. The claim is pending at NSA.

Dr. Gennady Potapenko

A claim for use of a radar invention while an application was under secrecy order and for infringement of the subsequent patent was denied in 1957, on the basis that no valid claims had been infringed by Government procurement.

Marion B. Robinson

A claim relating to a projectile was denied in 1952 for undetermined reasons. The case was the subject of subsequent litigation, which was terminated by plaintiff's withdrawal of the action in 1957. See Robinson v. United States, 236 F.2d 24 (2d Cir. 1956).

Raymond F. Wilmotte

A secrecy order claim relating to a radar guidance system was denied by the Army in 1970, for lack of injury. A subsequent claim of infringement of the issued patent was denied by the Navy in 1978.

RESULTS OF ADMINISTRATIVE CLAIMS FILED WITH  
DEPARTMENT OF DEFENSE SINCE 1945

Pending claims	5
Settled claims	4
Settled by DOD	3
Settled by private relief bill	1
Denied or withdrawn claims	20
Settled during litigation	4
Litigation favorable to Govt	1
Litigation pending	5
No litigation	10
TOTAL	<u>29</u>



DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D.C. 20310

18 JAN 1993

REPLY TO  
ATTENTION OF:

DAJA-IP

MEMORANDUM FOR MEMBERS, ARMED SERVICES PATENT ADVISORY BOARD

SUBJECT: Waiver of Claims in Foreign-origin Cases

1. Foreign filing permits issued to US inventors provide that the inventor's use of the permit constitutes a waiver, if waiver is required by agreement with the receiving country, of any claim for compensation for damages caused by mere imposition of a secrecy order in the receiving country. This does not apply to damages resulting from use of the invention by the receiving government or unauthorized disclosure of the invention within the foreign country. The inventor's right of action against the US Government for damages caused by the US secrecy order is unaffected.

2. Under bilateral agreements, such waiver applies to US-origin cases going to the following countries and to cases coming from the same countries under a US obligation to impose secrecy on the US application:

Australia  
Belgium  
Denmark  
France  
Germany  
Greece  
Netherlands  
Norway

In addition, US-origin cases forwarded to France and Norway require a separate, specific waiver statement from the inventors.

3. There are no waiver provisions in the bilateral agreements with Sweden and Turkey.

4. The NATO Agreement under which we operate with the following countries provides that the receiving country is entitled to demand a waiver:



18 JAN 1993

Canada  
Luxemburg  
Portugal  
United Kingdom

We have not had a practice of demanding any such waiver on incoming cases from these countries. To my knowledge, there has been no requirement from these countries for such waiver on US-origin cases.

5. Recent correspondence from the inventors in a UK-origin case highlighted the potential problem. In that case, the inventors threatened a claim for damages caused by imposition of the secrecy order. The Lear Siegler case in the Court of Claims is the first known litigation in which mere secrecy order damages, without any alleged use of the invention by the Government, has been the only basis for action. The time has come to consider whether the US Government should require a waiver on foreign-origin cases from the four countries listed in paragraph 4 above. Canada and the United Kingdom present the only real invention secrecy activity among the four.

6. At the time the NATO Agreement was adopted by the US, there was serious concern about the absence of an automatic waiver provision, but several of the countries objected to revision of the agreement. The ASPAB considered the likelihood of a damage claim based solely on the imposition of the secrecy order as being remote. Correspondence from this office indicated concern with the paperwork involved in obtaining a specific waiver, but it appears that explicit waivers were considered to be desirable.

7. It is probable that the UK and Canada might ask in turn for waivers from our nationals if we ask for waivers on cases originating in their countries.

*H. M. Hougen*

H. M. HOUGEN  
Lieutenant Colonel, JAGC  
Member, Armed Services Patent  
Advisory Board

ARMED SERVICES PATENT ADVISORY BOARD

Activity in Review of Cases and Imposition and Rescission of Secrecy Orders

Quarter and Calendar Year		Number of Patent Applications Reviewed in DOD*	Number of Secrecy Orders Imposed by DOD	Number of Secrecy Orders Rescinded by DOD
Q	Yr			
1	75	1623		
2		1787	74	52
3		1562	61	156
4		1433	78	118
1	76	1623	57	72
2		1326	74	52
3		1332	68	85
4		1248	44	79
1	77	1563	51	82
2		2080	58	96
3		1446	49	61
4		1155	60	62
1	78	1488	64	107
2		1334	82	113
3		1043	59	53
4		1077	61	65
1	79	913	67	76
2		1358	24	147
3		1131	53	66
4		786	83	159
			59	47

\*This does not include classified patent applications filed by the Government or by Government contractors, which are placed under secrecy order by defense agencies without referral from the Patent & Trademark Office.

754

ARMED SERVICES PATENT ADVISORY BOARD

Tables of Cases Received for Review 3 or More Months After Filing Date

Quarter and Calendar Year		Total Cases Received For Review	Number 3 Months Old or Older When Received	% of Total Received	Number 6 Months Old or Older When Received	% of Total Received
Q	Yr					
1	75	1369	67	4.60	7	0.51
2	75	1743	106	6.08	4	0.23
3	75	1751	102	5.83	7	0.40
4	75	1514	39	2.58	9	0.59
1	76	1487	25	1.68	9	0.61
2	76	1333	33	2.48	1	0.08
3	76	1267	50	3.95	8	0.63
4	76	1322	55	4.16	13	0.98
1	77	1530	69	4.51	19	1.24
2	77	2238	400	17.87	35	1.56
3	77	1390	55	3.96	19	1.37
4	77	1200	48	4.00	17	1.42
1	78	1631	50	3.07	14	0.86
2	78	1242	59	4.75	18	1.45
3	78	1150	47	4.09	14	1.22
4	78	1152	46	3.99	7	0.61
1	79	1103	67	6.07	8	0.73
2	79	1272	187	14.70	27	2.12
3	79	1021	119	11.66	19	1.86
4	79	758	333	43.93	40	5.28

755



REF ID: A67001

DEPARTMENT OF THE ARMY  
OFFICE OF THE JUDGE ADVOCATE GENERAL  
WASHINGTON, D.C. 20310

DAJA-PA

3 May 1977

Commissioner of Patents and Trademarks  
Washington, D.C. 20231

Dear Sir:

The proposed rule changes to implement the Patent Cooperation Treaty, published in 42 Federal Register 2632, January 12, 1977, have been reviewed and discussed by the members of the Armed Services Patent Advisory Board (ASPAB). The following comments result from that discussion.

The proposed changes to 37 CFR Sections 5.1 and 5.11 would require a foreign filing license for all international applications which do not correspond to a prior United States national application, even for those international applications to be filed in the United States Receiving Office. In such instances, the applicant would be required to submit an advance copy of his intended international application for review prior to filing, because there would be no identifiable reference in the Patent and Trademark Office nor any microfiche or other copy available for circulation and review under present security review procedures. Thus, that copy of the intended international application would be reviewed first by the Licensing and Review Branch in the Patent and Trademark Office. If the invention is on the Patent Security Review Category List, a copy or a microfiche would then be forwarded to the appropriate interested defense agencies for security review. This process of circulation and review can take several months; the applicant would lose a considerable amount of time in obtaining his priority date.

Under this proposed procedure there would be no definite subject matter, such as a numbered patent application, upon which a secrecy order could be imposed in the event that the invention does affect national security. The language of 35 U.S.C. 181 gives the Commissioner

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Commissioner of Patents and Trademarks

authority to place secrecy orders only on applications for a patent. There is no statutory authority to place a secrecy order on an invention which is represented only by an intent to file a foreign application combined with a request for a license. The provisions of proposed 35 U.S.C. 368 make the provisions of Chapter 17 of that Title, including Section 181, applicable to international applications; under the proposed rules, no international application would be in existence at the time of consideration for a foreign filing license. The ASPAB does not provide a suitable mechanism for subsequently monitoring cases which have been denied foreign filing licenses, without the existence of a secrecy order and an application for subsequent ASPAB review. Moreover, the remedy provided by 35 U.S.C. 183 for damages resulting from a secrecy order would not apply to the denial of a license.

The applicant could circumvent the delay in obtaining a priority date by first filing a United States national application, asking for an international-type search, and filing a subsequent international application more than six months after his United States application has been filed, claiming the Convention priority date. This procedure would be cumbersome and demanding of excess paperwork.

It appears that the proposed rules take too restrictive a view of the Patent Cooperation Treaty and the implementing statute. Article 27(8) of the Treaty provides that the Treaty and implementing Regulations should not be construed to limit the freedom of any country to apply measures deemed necessary for the preservation of its national security. Rules 22.1(a) and 22.2(d) of the Regulations under the Treaty contemplate a national security review of an invention while the international application is in fact in the hands of the Receiving Office, during a 13-month period after the international application has been filed. Such delay for security review does not cause an applicant to lose his priority filing date. In addition, Rule 22.1(a) permits a Receiving Office to refuse to transmit an international application to the International Bureau if the transmittal would be detrimental to national security.

The implementing statute, 35 U.S.C. 368, provides that

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the international application will be subject to licensing and security review; that language presupposes the existence of an international application which has been filed in the United States Receiving Office prior to such review. It further provides specifically that the filing of an international application in a country other than the United States shall be considered to constitute foreign filing for the purposes of Chapter 17; the obvious corollary is that the statute contemplates that an international application on file in the United States Receiving Office should not be considered to be a foreign filing. Finally, the statute discusses treatment of an international application in the United States Receiving Office prior to the time that a license for foreign filing is denied or a secrecy order is imposed. Therefore, the international application would have to have been filed in the United States Receiving Office prior to the existence of a foreign filing license and prior to secrecy consideration in order for the statutory language to be meaningful.

It is therefore urged that the proposed rules be changed to permit the United States Receiving Office to accept international applications without prior issuance of a foreign filing license, even though no corresponding United States application is on file. A simultaneous request for a foreign filing license should be required. The international application could then be reviewed for licensing consideration. If the invention is not on the Patent Security Category Review List, the license could be issued immediately, and further processing of the international application could continue. If the invention is on the Category List, the application could be duly circulated in microfiche form to the appropriate defense agencies for normal security review. If a secrecy order is required, the order could then be placed on the identifiable international application, and the license request could be automatically denied. The applicant could file a corresponding United States national application and seek modification of the secrecy order to permit subsequent filing of selected foreign applications. The United States Receiving Office could defer transmittal of the international application to the International Bureau or the International Searching Authority of Washington for twelve months pending review without causing any loss of priority for the applicant.

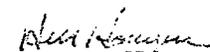
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Suggested amendments to the proposed rules and a sectional analysis are attached. These amendments would relieve the licensing review burden on the Patent and Trademark Office and defense agencies and should be more satisfactory to applicants and the patent bar.

I request the opportunity to make a brief oral presentation of this matter at the hearing to be held on May 26, 1977.

Thank you for your consideration.

Sincerely,

  
H.M. HOUGREN  
Lieutenant Colonel, JAGC  
Chairman, Armed Services  
Patent Advisory Board

2. Incl  
1. Changes in Proposed Rules  
2. Sectional Analysis of Changes