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NOTES

Sections 184 and 185 of the Invention Secrecy Act—An Ambiguous and Unnecessary Obstruction to Foreign Patenting

Several recent decisions have revealed an ambiguity in sections 184 and 185 of the Invention Secrecy Act.¹ Section 184 allows the filing of a patent application in a foreign country only upon receipt of a license from the Patent Commissioner or after the expiration of a six-month period which begins when the application is submitted to the United States Patent Office for examination.² If this section is violated inadvertently by unlicensed foreign filing within six months of the filing in the United States Patent Office, the Patent Commissioner is empowered to issue a license that retroactively validates the prior foreign application.³ Section 185, however, states that, "notwithstanding any other provisions of law," a violation of section 184 will result in the loss of domestic patent rights.⁴ This ambiguity has raised the question whether the retroactive license authorized in section 184 can resurrect an unlawful application—unlawful because accompanied by an unlicensed foreign filing—that has already ripened into a purported domestic patent, or whether such a license is effective only if issued while the domestic application is pending.⁵

Courts recently faced with this issue have reached conflicting decisions. In *Minnesota Mining & Mfg. Co. v. Norton Co.*⁶ it was held by a federal district court in Ohio that the Patent Commissioner's jurisdiction over violations of the foreign-filing provisions

1. 35 U.S.C. §§ 181-88 (1964).

2. 35 U.S.C. § 184 (1964): "Except when authorized by a license obtained from the Commissioner a person shall not file or cause or authorize to be filed in a foreign country prior to six months after the filing in the United States an application for patent or for the registration of a utility model . . . in respect of an invention made in this country 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." Section 181 establishes the procedure to be followed by the Patent Office in processing patent applications involving classified material. See note 27 *infra*.

3. 35 U.S.C. § 184 (1964).

4. 35 U.S.C. § 185 (1964): "Notwithstanding any other provisions of law any person . . . shall not receive a United States patent for an invention if that person . . . 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 A United States patent issued to such person, his successors, assigns, or legal representatives shall be invalid."

5. It is usually required that Congress clearly vest the Patent Commissioner with authority over an issued patent before the courts will allow the Commissioner to exercise such jurisdiction. *Cf. McCormick Harvesting Machine Co. v. Aultman*, 169 U.S. 606 (1898); *Terry v. Webster*, 12 F.2d 139 (D.C. Cir. 1926). The question that has arisen, in effect, is whether § 184 clearly endows the Commissioner with jurisdiction over a patent that has left his office.

6. 240 F. Supp. 150 (N.D. Ohio 1965).

terminated upon the issuance of a United States patent. The plaintiff in that case obtained a domestic patent after its five violations of section 184 had gone undiscovered. The court held the domestic patent invalid from the date of issue, refusing to give effect to a retroactive license granted by the Patent Commissioner following the issuance of the patent.⁷ District courts in other circuits, however, had previously adopted a more liberal interpretation of the remedial provisions of section 184.⁸ In *In re Rinker & Duva*⁹ the Patent Commissioner stated that he found nothing in section 184 that would restrict the time at which he could grant a retroactive license, but acknowledged that the matter was one for judicial determination. The federal district court in New Jersey subsequently upheld the Commissioner's position.¹⁰ Since the *Minnesota Mining* case was decided, its narrow interpretation of section 184 has been presented as precedent to three other courts, all of which have rejected it in favor of the earlier, more liberal, construction of the remedial provisions.¹¹

An examination of the relevant statutory language and history indicates that the liberal, majority interpretation is preferable. The court in *Minnesota Mining* limited the issuance of retroactive licenses to the period prior to the granting of the patent, basing its decision upon the use of the term "application" and the absence of the word "patent" in the last sentence of section 184.¹² The court reasoned that this choice of language was intended by Congress to prevent that section's remedial provisions from being applied to granted domestic patents.¹³ However, this analysis is unsound, as

7. *Id.* at 155.

8. *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965); *Blake v. Bassick Co.*, 146 U.S.P.Q. 157 (N.D. Ill. 1965); *McCulloch Motors Corp. v. Oregon Saw Chain Corp.*, Civil No. 919-57-PH, S.D. Cal., July 29, 1963.

9. 145 U.S.P.Q. 156 (Pat. Comm'r 1964).

10. *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965).

11. On the basis of the decision in *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D. Ohio 1965), new motions were made for summary judgment in *Englehard Indus. v. Sel-Rex Corp.*, *supra* note 10, and *Blake v. Bassick Co.*, 146 U.S.P.Q. 157 (N.D. Ill. 1965), in which contrary decisions had previously been reached. The courts, however, refused to reverse their earlier holdings. *Blake v. Bassick Co.*, 146 U.S.P.Q. 160 (N.D. Ill. 1965); *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 325 (D.N.J. 1965). In addition, the Patent Commissioner, relying upon the *Minnesota Mining* court's interpretation of § 184, has refused to issue retroactive licenses in cases where patents had already been granted. Consequently, two patentees filed separate mandamus actions against the Commissioner, and the district court of the District of Columbia ordered him to issue retroactive licenses to the petitioners upon finding that their violations of § 184 had been inadvertent. *McCormick v. Brenner*, 146 U.S.P.Q. 340 (D.D.C. 1965); *Pillsbury Co. v. Brenner*, 146 U.S.P.Q. 99 (D.D.C. 1965). The court in each of these cases expressly rejected the interpretation of § 184 set forth in *Minnesota Mining*. Thus, of the eight judicial decisions involving the issuance of retroactive licenses, seven have held that there is no restriction as to the time at which such a license may be granted.

12. See note 2 *supra*.

13. In a footnote to the opinion the court said: "We note the very clause upon

the court apparently failed to recognize that the word "application" in section 184 refers only to *foreign* applications. The section does not speak of *domestic* applications and, therefore, the particular language used is not a relevant consideration in determining whether the operation of the savings clause was intended to be limited to the period of domestic application. Also, an absurdity is created if the language of section 185, which excludes all other statutory provisions from consideration,¹⁴ is applied to obviate the provisions of section 184,¹⁵ as in the *Minnesota Mining* case. The two sections should be read together. Thus, where section 185 refers to the "license prescribed in section 184," it should be recognized that a retroactive license is one so prescribed.¹⁶

Further support for a liberal interpretation of the ambiguous provisions of sections 184 and 185 is found in an examination of the statutory predecessors of the Invention Secrecy Act. In the twenty-year period prior to World War II, foreign patenting was not restricted by the United States; this policy was changed, however, because of the security problems inherent in preparing for war. Legislation in 1940 gave the Patent Commissioner the power to prohibit patent applications in foreign countries if the applications contained classified material.¹⁷ This act was later amended to require American inventors to obtain licenses from the Patent Office before filing any patent applications abroad.¹⁸ Under the amended act, there was no provision for retroactive licensing; unlicensed foreign filing prevented issuance of the domestic patent or, if the patent had already been issued, invalidated it. Post-war legislation, however, partially alleviated the hardships suffered by inventors under the licensing act.¹⁹ A new amendment provided for the granting of a retroactive license in cases where violations of the prior act had been inadvertent.²⁰ Although the language of this amendment could have been construed to apply only to licenses issued

which the plaintiff relies here permits a retroactive license to issue only when the *application* discloses no harmful information; if Congress had intended to extend the Patent Office jurisdiction beyond its normal administrative reaches, it would have included the phrase 'or patent' after 'application.'" *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150, 155 n.4 (N.D. Ohio 1965).

14. See Brief for Appellant, pp. 39-41, filed Oct. 14, 1965, *Minnesota Mining & Mfg. Co. v. Norton Co.*, Civil No. 37, 154, 6th Cir. (pending hearing), for an explanation of the origin of the "notwithstanding" clause of § 185 and a compelling argument that this clause is intended to exclude only 35 U.S.C. §§ 101, 102, 119, & 172, and is inapplicable to § 184.

15. See *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319, 322 (D.N.J. 1965).

16. See *Blake v. Bassick Co.*, 146 U.S.P.Q. 157, 160, 162 (N.D. Ill. 1965).

17. Act of July 1, 1940, ch. 501, 54 Stat. 710.

18. Act of August 21, 1941, ch. 393, § 3, 55 Stat. 657.

19. For a statement of the purpose of the legislation and the situation necessitating its enactment, see H.R. REP. No. 1498, 79th Cong., 2d Sess. (1946).

20. *Boykin Act*, ch. 910, § 6, 60 Stat. 940 (1946).

before the amendment took effect, the Patent Commissioner felt that since it was remedial legislation it should be liberally interpreted, and therefore applied the amendment prospectively, subsequently issuing licenses to qualified applicants.²¹ Since the provisions of the Invention Secrecy Act under discussion are merely a continuation of the temporary wartime and postwar remedial legislation,²² the retroactive-license clause of section 184 should be interpreted liberally, as was its predecessor.

Even under the liberal interpretation allowing the Patent Commissioner to cure a defect in an issued patent, sections 184 and 185 are not a satisfactory solution to the problems confronting Congress in the field of extra-national patents.²³ Congress is faced with two conflicting policy considerations: protection of the private rights of American inventors in the dissemination of technical data, and maintenance of national security.²⁴ The present statutes neither provide the Government with the opportunity to examine all technical data destined for export nor minimize the unnecessary loss of domestic and foreign patent rights by American inventors.

It is significant that in all the recent cases involving violations of section 184, the unlawful filing was brought to light by private parties, and then only after both domestic and foreign patents had been issued.²⁵ The Government has neither the means of preventing the actual filing of patent applications abroad nor an agency to discover violations of the foreign licensing provisions.²⁶ If and when

21. See *In re Lee & Heineman*, 77 U.S.P.Q. 659 (Pat. Comm'r 1948).

22. H.R. REP. NO. 828, 82d Cong., 1st Sess. 4 (1951).

23. See Section of Patent, Trademark and Copyright Law, Report of Committee No. 2, *International Patent Relations and Conventions*, A.B.A. REP. 32 (1958), for a discussion of the defects in § 184. See generally Ansell, *Security Considerations in Filing Patent Applications Abroad*, 50 A.B.A.J. 946 (1964).

24. See SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS OF THE COMM. ON THE JUDICIARY, 85TH CONG., 1ST SESS., STUDY NO. 5 ON THE INTERNATIONAL PATENT SYSTEM AND FOREIGN POLICY PURSUANT TO S. RES. 55, at 4 (Comm. Print 1957) (hereinafter cited as STUDY NO. 5): "Today United States policy with respect to international patent relations must be shaped in light of vital, even if at times confused foreign policy objectives The aim of securing maximum elbow room abroad for our inventors must be reconciled with foreign policy aims in the post-war world."

25. In *Blake v. Bassick Co.*, 146 U.S.P.Q. 157 (N.D. Ill. 1965), and *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D. Ohio 1965), the defendants in patent infringement suits used violations of § 184 as an affirmative defense to show the patents' invalidity. The plaintiff in *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965), sought a declaratory judgment of patent invalidity because of similar violations. The patentees in *McCormick v. Brenner*, 146 U.S.P.Q. 340 (D.D.C. 1965), and *Pillsbury v. Brenner*, 146 U.S.P.Q. 99 (D.D.C. 1965), sued the Patent Commissioner to compel the issuance of a retroactive license under § 184.

26. While no statistical data are available, the number of recent cases involving violations of § 184 would seem to indicate that the statute is not an effective deterrent to potential violators. Theoretically, inventors who violate § 184 are stripped of their domestic patent rights by § 185, and may be liable to criminal prosecution under § 186. However, an inventor can interpose a claim of inadvertence as a defense to the penalty of § 185; the efficacy of such a defense is indicated by the fact that no reported application to the Commissioner for a retroactive license under the "inad-

violations are brought to its attention, the Government can only determine *in retrospect* whether national security was jeopardized by foreign disclosure of the patented materials.

The failure to provide the Patent Office with the opportunity to prohibit initially the export of classified data is not the only shortcoming of the present Invention Secrecy Act. From the standpoint of the inventor this statute poses serious problems when the subject matter of a patent application is not such as would result in a secrecy order under section 181.²⁷ Some inventors, seemingly not realizing the imperativeness of the Secrecy Act's provisions, feel that it is within their province to determine the presence or absence in their patent applications of material which might be significant to national security.²⁸ Finding no security problem, they inadvertently²⁹ file applications in foreign countries in violation of section 184. Such a procedure can lead to the loss of the domestic patent which has been granted on a similar application.³⁰ Furthermore, when the procedure of section 184 is followed, although domestic patent rights are not endangered the resulting delay in foreign filing may cause the loss of similar rights in other countries.³¹ In addition, since the scope of protection granted under foreign patent laws and the requirements for disclosure in other countries differ from those

vertent violation" provision of § 184 has been found which was denied on the ground that the violation was deliberate. No criminal prosecution under § 186 has been brought against a violator of § 184, and it is doubtful that § 186 is applicable where the violation is inadvertent. If § 186 were used to prosecute inadvertent violations, the incongruous result would be reached that an unlawful application could be validated under § 184 while the inventor was being prosecuted for having made the application.

27. See *International Patent Relations and Conventions*, *supra* note 23, at 35-36. See also note 2 *supra*. A secrecy order is issued by the Patent Commissioner under 35 U.S.C. § 181 (1964), when, in the opinion of the Atomic Energy Commission or the Secretary of Defense or of the Army, Navy, or Air Force, the publication and disclosure incident to the patenting of an invention would be detrimental to national security. The invention is kept secret for such period as the national interest requires, but the applicant is compensated for damages resulting from the secrecy order and for any use of his invention by the government.

28. *International Patent Relations and Conventions*, *supra* note 23, at 38.

29. A question may arise as to whether these filings are in fact "inadvertent." In some of the discovered violations the patentees have been large corporations which should be cognizant of the foreign licensing provisions of the Invention Secrecy Act. It is possible that the patentees, in their haste to secure foreign patent rights, have simply ignored the statute, relying on either the dearth of prior prosecutions or the liberality of the Patent Commissioner in negating earlier infractions.

30. *E.g.*, *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 338 F.2d 573 (7th Cir. 1964); *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150 (N.D. Ohio 1965). In *Beckman* there was no application for a retroactive license, and a patent that had been issued in violation of § 184 was declared void.

31. For a discussion of the time considerations in foreign filing, see generally SHERMAN, *PATENT PROCUREMENT AND EXPLOITATION* 225 (1st ed. 1963); Graham, *Footnotes on Foreign Patent Practice*, 39 J. PAT. OFF. SOC'Y 623 (1957); *International Patent Relations and Conventions*, *supra* note 23, at 35; Ostenfeld, *Problems of European Patent Protection*, 34 J. PAT. OFF. SOC'Y 739-55 (1952).

of the United States, it frequently becomes necessary to furnish supplementary data to foreign patent offices.³² Section 184 has been interpreted as requiring a new license for any modification of the corresponding United States application to be sent abroad.³³ This requirement may result in the loss of valuable foreign priority rights when deadlines for filing amendments cannot be met because of the necessity of obtaining such a license.³⁴ Furthermore, in highly competitive fields the delay may permit a foreign inventor to obtain an earlier filing date. Thus, the dilemma posed for inventors by the Invention Secrecy Act has unjustifiably frustrated the traditional goal of protecting private property rights in technical developments.

It has been the policy of the United States Government in recent years to encourage the dissemination of technical data to benefit allied nations and satisfy the needs of underdeveloped countries in their quest for increased technical capacity.³⁵ Pursuant to constitutional authority,³⁶ Congress has chosen to promote the sharing of our scientific achievements by private agreements and foreign patents.³⁷ In the area of mutual defense production, Congress has enacted technical-property agreements with other countries which seek to eliminate, or at least minimize, the loss of private property rights in classified material.³⁸ Similar steps should be taken to protect the rights of American inventors whose inventions are unrelated to the nation's defense. One such step would be an amend-

32. See *International Patent Relations and Conventions*, *supra* note 23, at 35.

33. In *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 338 F.2d 573 (7th Cir. 1964), the court held that any new disclosure required a separate license even though the application was merely a continuation-in-part of an earlier one. For an analysis of the problems involved in such situations, see Klotz, *United States Continuations-in-Part Abroad*, 40 J. PAT. OFF. Soc'y 791 (1958).

34. Article 77(1) of the proposed European Patent Law states that if an examination of a patent application reveals that the invention does not meet the patentability requirements, the applicant will be notified and invited to remedy the deficiencies within a period to be fixed by the examining agency. If this law goes into effect, the deadline for filing amendments will become arbitrary in the Common Market countries, and American inventors will be further disadvantaged by the requirements of § 184. An unofficial translation of the Proposed European Patent Law can be found in H.M. STATIONERY OFF., PATENT LAWS AND LEGISLATION—EUROPE (Gt. Britain Board of Trade 1962).

35. See U.S. DEP'T OF STATE, THE MUTUAL SECURITY PROGRAM FISCAL YEAR 1961, A SUMMARY PRESENTATION (March 1960). See generally Westerman, *International Exchange of Patent Rights and Technical Information for Defense Purposes*, 21 FED. B.J. 152 (1961).

36. "Congress shall have Power . . . to promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8.

37. Congressional policy is set forth in Pub. L. No. 118, 83d Cong., 1st Sess., ch. 195, subch. VII, § 710(a) (July 16, 1953), amending The Mutual Security Act, Pub. L. No. 165, 82d Cong., 1st Sess., ch. 479 (Oct. 10, 1951): "[I]t is declared to be the policy of the United States . . . to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information . . ."

38. See STUDY No. 5, *op. cit. supra* note 24, at 4.

ment of sections 184 and 185 of the Invention Secrecy Act to eliminate the difficulties encountered by domestic inventors seeking foreign patents.

Section 184 could be amended to provide a general license for the exportation of unclassified data for the purpose of filing, amending, or prosecuting patent applications abroad.³⁹ The Bureau of Foreign Commerce has issued a similar license authorizing any person to export to all destinations unclassified technical data generally available in published form, and to export unclassified, unpublished data to countries outside a special area.⁴⁰ Such an amendment would, of course, place upon the inventor or his attorney the responsibility of recognizing security problems,⁴¹ but the same duty is imposed upon engineers and scientists under the Bureau of Foreign Commerce license.⁴² Furthermore, it is unlikely that national security would be endangered by such an amendment. Only unclassified material would be licensed for filing, and such material is currently being submitted to foreign countries without prior governmental examination.⁴³

If the proposed provision were not considered by Congress to be adequate for national security needs, however, an alternative amendment could be adopted that would tend to ensure governmental examination of all patent applications prior to submission to foreign offices. The Government could more effectively prohibit unlawful foreign filing by retaining the penalties now prescribed for violations of section 184 and deleting the provision of that section concerning retroactive licenses. Inadvertence could no longer be claimed by an inventor as a mitigating circumstance,⁴⁴ and un-

39. *International Patent Relations and Conventions*, *supra* note 23, at 34.

40. 15 C.F.R. § 385.2 (1964).

41. Criminal penalties could be imposed for the willful foreign filing of patent applications containing material that clearly should be classified. It would seem that little danger of an unintentional breach of security would result, even without prior governmental screening, as the inventor or his lawyer would certainly recognize at least the possibility of an infraction. In all instances of inadvertent filing thus far uncovered, the inventions involved have been completely innocuous. For example, the invention in *Minnesota Mining* was a scouring pad.

42. The United States is the only nation having foreign filing regulations of the type found in the Invention Secrecy Act. For a compilation of the foreign patent regulations of other countries, see *SRUVEY* No. 5, *op. cit. supra* note 24, at 59-64. Most nations place the responsibility for recognizing defense interests upon the patentee, allowing him to file without restriction if his patent is unclassified. The German law is typical. See *id.* at 61:

[In Germany] there is no general legal prohibition against filing an application for a patent abroad. Nevertheless, an applicant who is aware of the interest of an invention for defense, whether or not he has been notified of a decision to impose secrecy, might be committing an offense if he filed an application abroad. If he knows or suspects that his invention is of interest from the standpoint of defense, he can request the Defense Department to give a ruling. It depends on the reply of this authority whether the applicant is allowed to file his application abroad or must refrain from doing so.

43. See text accompanying notes 25-26 *supra*.

44. If prior governmental examination of all patent applications to be filed abroad

conditional loss of domestic patent rights, coupled with the criminal penalties prescribed in section 186, would seem to be both a sufficient deterrent to willful violations and a sufficient incentive to extreme caution in doubtful cases. If, in addition, a procedure could be established by which the Patent Office would be notified of all foreign filings by American nationals—possibly by agreement with foreign patent offices—this amendment would effectively cause all patent applications to be channeled through the Patent Office before publication abroad. It would seem, however, that the hardships occasioned patentees by such an amendment would far outweigh any resulting increase in security protection.⁴⁵ For this reason, the suggested amendment providing a general license for foreign filing would appear to be a better solution.

The present provisions of the Invention Secrecy Act are causing problems for inventors which are unjustified in terms of what the statute actually accomplishes in protecting national security. Seeking to protect both national security and private property rights, sections 184 and 185 of the act accomplish neither goal. Compliance with these provisions endangers the foreign priority rights of inventors, and noncompliance may jeopardize both national security and domestic patent rights. A liberal interpretation of the remedial provisions of section 184 is insufficient to minimize the loss of foreign patents, and tends to foster violations of the licensing statute. Since no effective governmental pre-filing examination now exists, and since the recognition of information which should be kept secret poses little difficulty, Congress should remove the present obstacles to foreign patent filing by granting a general license for the foreign filing of unclassified patent applications.

is important to national security, there is no sound basis for allowing the defense of mistake of law in a violation of the provisions requiring such an examination.

45. The delay in foreign filing caused by such an amendment could cause the loss of priority rights in foreign countries, and the deletion of the remedial provisions could result in a domestic inventor's losing all property rights in his invention simply because of his negligence.