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## Government Ownership of Patents

Frank J. Willie

*Fordham University School of Law*

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## GOVERNMENT OWNERSHIP OF PATENTS

FRANK J. WILLE†

ACTING under the powers delegated to him<sup>1</sup> by the President of the United States under the First War Powers Act, 1941,<sup>2</sup> the Alien Property Custodian has, as of October 2, 1942, vested "in the interest of and for the benefit of the United States" some 25,000 patents formerly owned by nationals of enemy countries, 15,000 patents formerly owned by nationals of enemy occupied countries, and some 5,500 applications<sup>3</sup> for patent of such former ownership. He has announced he will issue licenses under vested patents for a fee of \$50.00 for the first patent in any one license with an additional \$5.00 for each other patent included in the same license. The licenses are to be royalty free, non-exclusive, non-assignable, and for the life of the patents as to patents vested from nationals of countries with whom we are at war. As to patents vested from nationals of enemy occupied countries, the licenses are to be of the same type with the exception, however, that they are royalty free only for the duration of the war plus six months, and thereafter royalty bearing "on the basis of prevailing commercial practice".<sup>4</sup> While the licenses are granted for the life of the patents, they are to be revocable for failure of the licensee to live up to the license agreement, including the condition that the licensee must make annual reports to

† Member of the New York Bar.

1. Exec. Order 9193, 7 Fed. Reg. 5205.

2. 50 U. S. C. A. (App.) § 616, 55 STAT. 839 (1941) amending 50 U. S. C. A. (App.) § 5(b), 40 Stat. 966 (1918).

3. These applications for patent are being prosecuted to patents by the Alien Property Custodian, and many have issued as patents to the Alien Property Custodian at this writing. Applications for patent impart no right to exclude from making, using, or vending the invention therein described, and are kept secret by the Patent Office. The inventor may, even after he is in receipt of a notice of allowance of his application, elect not to obtain a patent. The validity of patents, prosecuted to grant by the Alien Property Custodian based upon the applications for patent vested by him, is not free of doubt. See *Chemical Foundation v. General Aniline*, 99 F. (2d) 276 (C. C. A. 3d, 1938), cert. denied 305 U. S. 654 (1938).

4. ALIEN PROPERTY CUSTODIAN, PATENTS AT WORK—A STATEMENT OF POLICY (January 1943) 14-16.

the Custodian "covering the volume and value of production under licensed patents and the research work undertaken in conjunction with them."<sup>5</sup>

Patents issued by the United States have in the past been held, and are now held, in addition to the vested patents, by the federal government, or by its officers and department heads on behalf of, or as trustees for, the United States.<sup>6</sup> As a result of the vesting orders above mentioned, the federal government, at this writing, holds title to the largest single block of patents in the United States, relating to a very wide range of technology.<sup>7</sup> Nevertheless, no court has ever had before it for adjudication the effects of the ownership of patents by the federal government.<sup>8</sup> There has, however, been a brief treatment of the question in the dissenting opinions of one relatively recent case.<sup>9</sup> The federal courts have held that the federal government has a "shop right"<sup>10</sup> under patents issued to its employees.<sup>11</sup> It has also been held where the federal employee was specifically assigned to research problems and in the course of his work makes an invention, he must assign all rights to the invention and the patent thereon to the federal government.<sup>12</sup>

The object of the present paper is to analyze the effects of the ownership of patents by the federal government. Public policy would seem compellingly to require that an invention, as soon as it is made and disclosed, should be available to the public. But the very concept of the patent, the exclusive right to an invention, is opposed to this. If then, the federal government, when it holds a patent, has the power to exclude

5. *Id.* at 15.

6. Reports of Joint Hearings of the Committee on Patents of the Senate and House of Representatives, 66th Congress, 1st Sess. on S. 3223 and H. 9932, November 5, 1919; Hearings before the Committee on Patents, House of Representatives, 65th Congress, 3d Sess. on H. 14944, January 27, 1919.

7. ALIEN PROPERTY CUSTODIAN, *op. cit. supra* note 4, at 1.

8. Attorney-General Reed, 38 A. G. Op. 425, 428 (1936).

9. United States v. Dubilier, 289 U. S. 178 (1933).

10. Where a servant, during his hours of employment, working with his master's materials and apparatus, conceives and perfects an invention for which he obtains a patent, he must accord his master a non-exclusive right to practice the invention. This implied license is designated a "shop right", is personal to the master's business and assignable therewith, and is for the life of the patent irrespective of the continued employment of the servant. *McClurg v. Kingsland*, 1 How. 202 (U. S. 1843).

11. *Solomons v. United States*, 137 U. S. 342 (1890); *Gill v. United States*, 160 U. S. 426 (1896); *Moffett v. Fiske*, 51 F. (2d) 868 (App. D. C. 1931), *cert. denied* 284 U. S. 662 (1931).

12. *United States v. Houghton*, 20 F. (2d) 434 (1927), *affirmed* 23 F. (2d) 386, *cert. denied* 277 U. S. 592 (1928).

the public from the invention disclosed in the patent, such public policy would appear not to be served. If, on the contrary, the invention of such a patent held by the federal government, were dedicated to the public, such public policy would be served. What are the facts determinative of the question: Does the ownership of a patent by the federal government result in a dedication of the invention, to which the patent is directed, to the public of the United States?

The treatment of the question herein is on its broadest basis, it being wholly immaterial what set of facts brought about the holding by, or on behalf of, the federal government. Title to the patent may be in the United States by assignment from a government employee before or after filing the application for patent, or after issue of the patent, or by assignment, gift or devise from any one, or by vesting of the patent under the war power. The assignment or vesting may have been specifically of the patent, or generally of property of which the patent was but a part.<sup>13</sup>

Under the Constitution, our federal government is one of delegated and enumerated powers, the delegation being, as stated in its preamble, by "we, the people of the United States". As stated early in our national history, "there can be no doubt that it was competent to the people to invest the general government with all the powers they may deem proper and necessary; to extend or restrain these powers according to their own good pleasure, and to give them a paramount and supreme authority".<sup>14</sup> The Tenth Amendment, declaring that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people", is positive recognition of such delegation, and appears to have been adopted to allay for all time the then widespread fear that the federal government might, under the pressure of a supposed general welfare, attempt to exercise powers which had not been delegated.<sup>15</sup> In view thereof, the federal government can claim only the powers granted to it, which powers must be given either expressly or by necessary implication.

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13. Throughout this article the word "vest" and its derivatives have the meaning of the First War Powers Act, 1941; that is, vesting or seizure "in the interest of and for the benefit of the United States" [50 U. S. C. A. (App.) § 616 (1)]. It is to be clearly distinguished from the type of seizure during World War I, under Section 7(c) of the Trading with the Enemy Act, as to which the Alien Property Custodian was given the powers of a common law trustee [50 U. S. C. A. (App.) § 12], and was the custodian of the property to conserve it, or its equivalent, for the former owners.

14. *Martin v. Hunter's Lessee*, 1 Wheaton 304 (U. S. 1806).

15. *Kansas v. Colorado*, 206 U. S. 46, 90 (1907).

The delegation of power, upon which the patent and copyright statutes are based, is Article I, Section 8, Clause 8, reading: "The 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."

The actual and detailed reasons for the delegated power having this form are not known, due largely to the agreement of the members of the Constitutional Convention to keep their proceedings secret at the time. It is known that the convention observed the procedure of referring proposals, on which agreement was reached, to a committee. It appears that the original proposals, out of which the instant constitutional provision developed, were not before the convention until August 18, 1787. On that day, there was agreement on proposals:

"To secure to literary authors their copy rights for a limited time  
To encourage, by proper premiums and provisions, the advancement of  
useful knowledge and discoveries  
To grant patents for useful inventions  
To secure to authors exclusive rights for a certain time."<sup>16</sup>

These proposals were referred, but whether the Committee of Detail considered them is unknown. Its report of August 22nd, 1787, on other proposals submitted simultaneously with these proposals, does not mention them. On August 31, 1787, a Committee of eleven,<sup>17</sup> on remaining matters, was appointed, and on September 5, 1787, Mr. Brearley of this committee rendered its report. The formulation of this report, "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", was agreed to by the convention on that day.<sup>18</sup> With the other matters adopted by the convention, this formulation was referred to the Committee of style, which reported on September 12, 1787.<sup>19</sup> The Constitution, containing the clause unchanged in phraseology was adopted and signed by the delegates on September 17, 1787.<sup>20</sup>

No contemporaneous record appears to have been preserved of the detailed reasons leading to the adoption of this constitutional provision,

16. 2 FARRAND, *THE RECORDS OF THE FEDERAL CONVENTION* (1937) 321-323. See also Fenning, *The Origin of the Patent and Copyright Clause of the Constitution* (1929) 17 *GEORGETOWN L. J.* 109, reprinted in 11 *JOURNAL OF THE PATENT OFF. SOC.* 438.

17. 2 FARRAND, *op. cit. supra* note 16, at 475.

18. *Id.* at 505.

19. *Id.* at 591.

20. *Id.* at 655.

or of the arguments advanced for or against it in the deliberations of the convention or in committee. The proposals as sent to the committee appear to have emphasized the rights of the authors and inventors. In the constitutional provision, the emphasis appears to be on promoting science and the useful arts rather than the right and rewards of the authors and inventors. The primary purpose of the provision has been held by the courts to be "to promote the Progress of Science and useful Arts".<sup>21</sup> It is submitted, then, that whenever patent rights are being considered, the primary purpose of the constitutional provision must always be respected.<sup>22</sup> That is, the words of the primary purpose can never be treated as mere surplusage and lost sight of.

For the one type of right, grantable to individuals, which the framers dignified by inclusion in the Constitution, it appears significant the words "the exclusive right" were used. Although one of the proposals, upon which the constitutional provision was founded, used the word "patents", the word was discarded. While the reasons for its non-use are not definitely known, it is not unreasonable to conclude that this is some evidence of a desire to avoid the use of a word which had also an obnoxious meaning to the framers in the course of history as it affected them.<sup>23</sup> Even as to the exclusive right they were prepared to grant, the framers made certain it would be always beneficial by requiring it "to promote the Progress of Science and useful Arts".

It is axiomatic that the progress of science and the useful arts is promoted by the spread of knowledge of advances made therein. Such knowledge comes from informative and detailed publication of the advances made, and the more detailed, accurate and precise the publication, the more is scientific progress promoted. Every government, new

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21. *Kendall v. Winsor*, 21 How. 322 (U. S. 1858); *Martinetti v. Maguire*, 16 Fed. Cas. No. 9,173 at 922 (C. C. Cal. 1867); *Warner v. Smith*, 13 App. D. C. 111 (1898); *In re Mower*, 15 App. D. C. 144, 152 (1899), quoted with approval in *Woodbridge v. United States*, 263 U. S. 50, 55 (1923); *Vanore v. Improta*, 25 F. (2d) 918, 923 (App. D. C. 1928); *THE CONSTITUTION OF THE UNITED STATES, ANNOTATED* (Library of Congress 1938) 236-240.

22. *FOLK, PATENTS AND INDUSTRIAL PROGRESS* (1942) 97.

23. *Fenning* (*cf. supra* n. 16) however, believes that "patent" was not used to avoid confusion with patents on inventions granted by various of the colonies. Some colonial patent laws imposed upon the patentee the requirement that he manufacture the patented articles within the particular colony, while other laws permitted the colonial authorities, where the inventor did not in their opinion manufacture sufficient of the patented articles or did not sell the articles at reasonable prices, to grant licenses under the patent to others. Contemporaneous evidence is against this opinion; see *PAINE, PUBLIC GOOD* (1780), a pamphlet discussing territorial rights under royal "patents" or charters.

and old and certainly since the Industrial Revolution, has had, and has, as one of its primary objects the promotion of science and the useful arts within its realm. Wherein then can the federal government best further the progress of science and the useful arts? The mere statement of the question forcefully compels the answer: by prompt and informative publication of the advances as they are made so that all may use and apply the knowledge. In the patent statutes our federal legislators have placed the emphasis on the disclosure of the discovery or the writing,<sup>24</sup> and it is for the disclosure that the patent is granted. As to writings by the government, the legislators have most correctly expressly enacted that no copyright exists in the federal government.<sup>25</sup> But as to inventions of the government, our federal legislators have, to date, enacted no general statute comparable to that on copyrights, but have, rather recently, authorized one federally incorporated authority to hold patent rights.<sup>26</sup>

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24. A disclosure, made without the scrutiny of a party other than the person making the disclosure, is seldom completely understood by others, particularly when the disclosure involves technical subject matter. The careful scrutiny given by the Examiners of the United States Patent Office to applications for patent to make certain that the disclosure is sufficiently full, clear, concise and exact [Rev. Stat. 4888, 35 U. S. C. A. § 33 (1870)], is recognized universally as making the disclosure of an invention in the U. S. patent specification outstanding. Thus, in PIETZCKER, *DAS PATENTGESETZ* (Berlin, 1929), the author, critical of the lack of a corresponding statutory requirement as to clarity and detail in the German Patent Law, writes (trans. supplied):

"Present conditions [in German patent practice] in which one must call upon the . . . United States patent specification [corresponding to the German patent] when it becomes necessary to ascertain what the invention really is, are unbearable." *Id.* at 303.

25. The Copyright Acts, 17 U. S. C. A. § 7, 35 Stat. 1075 (1909): "7. . . . No copyright shall subsist in . . . any publication of the United States Government. . . ." See, however, the exception in respect of black and white reproductions of postage stamps, 39 U. S. C. A. § 371 (1938).

26. By Section 831 d(i) of the Tennessee Valley Authority Act, 16 U. S. C. A. §§ 831-831dd (1933) the employees of the T. V. A., assigned to research problems, must assign their inventions arising out of such research, and the patents thereon, to the T. V. A. The latter may, out of the income from the sale of licenses under the patent, pay to the inventor such sum as T. V. A. deems proper.

The Trading with the Enemy Act of October 6, 1917, as amended to 1941, 50 U. S. C. A. (App.) §§ 1-31, it is submitted, is of no interest on the present inquiry for, while it included legislation specific to patents, the provisions relate only to enemy owned patents seized, and held by the Alien Property Custodian as a *trustee and custodian* for the enemy owners.

The First War Powers Act, 1941, 50 U. S. C. A. (App.) §§ 601-622, contemplates not custodianship to preserve the property of the enemy owners, but confiscation of the vested property. Patents are not specifically mentioned in the Act but are within its contemplation, as exemplified by Executive Order 9193, 7 Fed. Reg. 5205.

But do not patent rights promote the progress of science and the useful arts when the rights are owned and exercised by the federal government? It seems appropriate to recall, and constantly keep in mind, the nature of the patent right and the attributes of ownership of a patent, in answering this question. The patent right is the right, *granted by the federal government*, to exclude others from making, using, or selling the invention therein described and claimed;<sup>27</sup> it is never a right to make, use and sell.<sup>28</sup> The attributes of its ownership are the right to assign the patent, the right to grant licenses under the patent, exclusive or non-exclusive as the owner may see fit, and the right to grant no license to anyone on any terms even where the owner himself does not practice the invention disclosed in the patent.<sup>29</sup>

Congress does have the express power "to dispose of and make all needful Rules and Regulations respecting . . . Property belonging to the United States".<sup>30</sup> Hence if the rights under patents survive the assignment or vesting of the title to patents to the federal government, Congress may, by general or specific legislation, authorize the executive branch to dispose of patents owned by the United States by sale, or lease, or license. Nowhere in the Constitution, and the amendments, is there any express delegation to the federal government, or to any department thereof, of the right to exclude others from making, using and selling any invention which has been disclosed. And there is no rule of common law recognizing, even in the inventor himself, the right to exclude others from the practice of an invention which has been disclosed.<sup>31</sup> The right cannot thus be incorporated in the Constitution by reference to the common law. When the title to a patent is acquired by the federal government, the right to exclude has returned to the authority granting the right. It is submitted that there is thus a merger, and the

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27. *Bloomer v. McQuewan*, 14 How. 539 (U. S. 1852); *Bauer v. O'Donnell*, 229 U. S. 1 (1912); *Straus v. Victor Talking Machine*, 243 U. S. 490 (1916); *Motion Picture Patents v. Universal Film*, 243 U. S. 502 (1916); *Boston Store v. American Graphophone*, 246 U. S. 8 (1917).

28. *In re Brosnahan*, 18 Fed. 62, 64 (C. C. W. D. Mo. 1883); *United States v. Bell Telephone Co.*, 167 U. S. 224, 239 (1896); *Paper Bag Patent Case*, 210 U. S. 405, 424 (1907); *Bauer v. O'Donnell*, 229 U. S. 1, 10 (1912).

29. *Continental Paper Bag v. Eastern Paper Bag*, 210 U. S. 405, 425-6 (1907) and the authorities there cited.

30. CONSTITUTION, ART. IV, SEC. 3, par. 2.

31. *Wheaton v. Peters*, 8 Pet. 591 (U. S. 1834); *Gayler v. Wilder*, 10 How. 477, 494-5 (U. S. 1850); *Brown v. Duchesne*, 19 How. 183, 195 (U. S. 1856); *Marsh v. Nichols, Shepard & Co.*, 128 U. S. 605, 612 (1888); *Dable Grain Shovel Co. v. Flint*, 137 U. S. 41, 43 (1890).



right to exclude disappears. Such theory of merger as to the patent right has a possible parallel in the law of real property, by which, when the owner of an estate subject to an easement of another estate acquires title to the latter, the easement is extinguished.<sup>32</sup> In analogy to the established principle of real property, the disclosure by the owner of the invention may be considered the dominant estate, and the common law right to make, use, and sell a disclosed invention, the servient estate. If the disclosure of the invention is made by the inventor in the manner provided by the statutes enacted under the constitutional provision, a patent results which, pursuing the analogy, is the easement enjoyed by the dominant estate, owned by the inventor, over the servient estate, owned by "we, the people". This patent easement may well be regarded as a right of access to the highway of promoting the progress of science and the useful arts. Under the fact situation herein of interest, title to the disclosure of the invention is now acquired by "we, the people" through the agency of their delegate, the federal government. Title to both the dominant and servient estates is, therefore, in the same owner, and the easement disappears.

As hereinbefore stated, there is no common law right to exclude from the practice of a disclosed invention, even on the part of the inventor himself and although he himself made the disclosure. The right to exclude is purely the creation of "we, the people", who delegated this power to the federal government. The created right to exclude has been for one purpose only—to promote the progress of science and the useful arts. "We, the people" have not, to date, created the right that the federal government may exclude any one from the practice of a disclosed invention, and not having created it, certainly has not delegated that right to the federal government. And the federal government, the delegate with but limited powers from "we, the people", cannot, acting as such delegate, so exercise its limited powers to invest itself with, and to deprive "we, the people" of, powers which "we, the people" have neither created nor delegated. In this connection, the holding in *Kansas v. Colorado*<sup>33</sup> is particularly in point. There the federal government sought to intervene in a suit between the two states, claiming the right to control the waters of the Arkansas River in the reclamation of arid lands. In dismissing the federal government's intervention, the court held in respect of the federal government's contention that all powers

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32. *Wells v. Garbutt*, 132 N. Y. 430, 30 N. E. 978 (1892); *Fritz v. Tompkins*, 168 N. Y. 524, 61 N. E. 893 (1901).

33. 206 U. S. 46 (1907).

which are national in scope<sup>34</sup> must be found vested in the federal government:

" . . . all powers of a national character which are not delegated to the National Government by the Constitution are reserved to the people of the United States. The people who adopted the Constitution knew that in the nature of things they could not foresee all the questions which might arise in the future, all the circumstances which might call for the exercise of further national powers than those granted to the United States, and after making provision for an amendment to the Constitution by which any needed additional powers would be granted, they reserved to themselves all powers not so delegated."<sup>35</sup>

Assuming for the moment that the federal government, owning a patent, can exercise the right to exclude, it could elect not to license any one and enjoin all infringements, even though it did not itself use the invention. That would not be promotion of the sciences and useful arts, but its direct opposite. Or the federal government could sell the patent outright to whomever it pleases, perhaps some one in its then favor and grace, on such terms or lack of terms as it saw fit. That, too, would not be promotion of the sciences and useful arts by the federal government, for the federal government, by the assignment of the right to exclude, has put a private assignee in the position where he can levy a toll on the sciences and useful arts. And the federal government could, in the alternative, grant licenses on terms.<sup>36</sup> No matter how nominal the terms, the federal government would be imposing terms on the progress, if only by the assertion that a license is required<sup>37</sup> or the

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34. ". . . these incorporeal [patent] rights do not exist in any particular State or district; they are co-extensive with the United States. There is nothing . . . in the nature of the rights themselves to give them locality anywhere . . . limited by the lines of States and districts." *Stevens v. Gladding*, 17 How. 447, 451 (U. S. 1854). See also *Ager v. Murray*, 105 U. S. 126 (1881).

35. *Kansas v. Colorado*, 206 U. S. 46, 90 (1907).

36. While the Alien Property Custodian announces he will issue licenses under the vested patents to any reputable American firm or individual, he nevertheless appears to reserve the right to select who will, and who will not, be licensed. "These fees, payable at the time of filing an application for license, will be returned if for any reason the license is not granted." ALIEN PROPERTY CUSTODIAN, *op. cit. supra* note 4 at 14.

37. Although the licenses to be granted by the Alien Property Custodian are to be royalty free (but \$50.00 application fee per single patent plus \$5.00 per patent for each additional related patent in the same license is payable in advance), the fact that nevertheless such license is required, is the mildest form in which the claimed right of the federal government to exclude the public from practicing an invention patented to the government, can be asserted. This situation parallels that involving a statutory provision

exercise of discretion as to whom it will license.<sup>38</sup> In any event, the federal government could not prevent the rest of the world, outside its jurisdiction, from freely practicing the invention disclosed in the patent. Abroad, then, the sciences and useful arts would be free of any bar, but within the United States they would be subject to the federal government's patent right.<sup>39</sup>

That the Constitution contains no express provision on the subject of the instant inquiry is not of itself controlling, for with the Constitution, as with any written document, what is reasonably implied is as much a part of it as what is expressed.<sup>40</sup> Examining the Constitution we find that advances in science and the useful arts might well be of some importance or relation to the common defense, the general welfare, and for revenue purposes, all three of which are expressly mentioned.<sup>41</sup> While

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providing that, upon failure to produce books after subpoena, the government's allegations as to their contents would be considered proven in internal revenue matters, as to which the Supreme Court, holding the provision unconstitutional in *Boyd v. United States*, 116 U. S. 616 (1885) stated at 635:

"It may be that it is the obnoxious thing in its mildest and least repulsive form; but illegitimate and unconstitutional practices get their first footing in that way; namely by silent approaches and slight deviations from legal modes of procedure. . . . It is the duty of the courts to be watchful for the constitutional rights of the citizen, and against any stealthy encroachment thereon."

38. Compare also: "National policy clearly dictates that this Government should seize and turn to the advantage of *all* its citizens, rights to the discoveries of our present enemies which have been protected in this country by patents issued by an agency of this government. Accordingly, *title* to United States patents and patent applications owned by the enemy is being vested in the name of the United States Government." ALIEN PROPERTY CUSTODIAN, *op. cit. supra* note 4 at 5. "This Government holds these patents for the use of the people of the United States." *Id.* at 11. Italics added.

39. And considering 16 U. S. C. A. § 831 d(i), can the Tennessee Valley Authority, a federal agency, elect not to license another department of the government under the patents it is holding? The question is not highly theoretical; whether one department of the government holding a patent could refuse to license another department of the government under a patent has been asked. The Attorney-General in 31 A. G. Op. 463 (1919) avoided answering the question on the ground it had not arisen in the administration of the inquiring War Department, which was contemplating the purchase of a patent on a cannon.

Furthermore, while the present Alien Property Custodian has announced he will not sell the vested patents, there is nothing to prevent him from changing that policy, or to prevent his successors in office from adopting a different policy. If the Alien Property Custodian has the power to grant licenses under vested patents by the authority of the First War Powers Act, 1941 [50 U. S. C. A. (App.) § 616], he certainly also has the power to liquidate, sell and otherwise deal with, the vested patent rights.

40. *United States v. Marigold*, 9 How. 560, 568 (U. S. 1849); *Legal Tender Cases*, 12 Wall. 457, 534 (U. S. 1870); *Ex Parte Yarbrough*, 110 U. S. 651 (1883); *Dillon v. Gloss*, 256 U. S. 368, 373 (1920).

41. Constitution, Preamble and Art. I, Sec. 8.

discoveries may well be of interest to each function of government, with respect to national defense and general welfare, the interest would appear to reside in their early availability for these purposes, whereas in relation to revenue the interest would appear to lie in the financial profit which can be derived by making the discoveries available only on terms.

National defense is unquestionably furthered by having available at the earliest moment any and all advances in science capable of assistance in defeating the enemy, while keeping knowledge of the advance from the enemy. Where a patent has been granted in the United States, the secrecy surrounding the invention in the form of an application for patent is lost, and all the world may read the invention described and claimed in the grant. Although there is nothing in the constitutional provision which would prevent the issuance of secret patents for instruments or munitions of war, our legislators have not provided for secret patents as has, for example, Great Britain.<sup>42</sup> Inventions relating to national defense may be made by employees of the government or by inventors not associated with the government. On this inquiry only those inventions owned by the federal government are of interest. Can it be implied from the Constitution that the federal government is to obtain patents on such inventions, when by obtaining the only type patent known in the United States the invention is disclosed in the very document evidencing the grant, and, in any event, gives the exclusive right only for a limited time? It is submitted that the practical men who framed the Constitution used no words from which effects detrimental to national defense could be implied; their express purpose was to further the common defense. From these words the only implication possible is that, as to national defense, the federal government should resort to secrecy of the defense invention it owns. This implication has, in fact, been recognized by the legislators in legislation<sup>43</sup> which, if observed by the officials charged with national defense, also avoids the possibility that the government might be subject to suit by a later, but independent, inventor. It is an established principle of patent law that where the owner of an invention elects to keep the invention secret, his prior invention will not defeat the right of a subsequent independent inventor to a patent for the same invention.<sup>44</sup> The federal government

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42. Patents and Designs Act, 1907, 7 Edw. VII, c. 29, § 30.

43. 39 STAT. 348 (1916), 35 U. S. C. A. § 37.

44. *Gayler v. Wilder*, 10 How. 477 (U. S. 1850); *Kendall v. Winsor*, 21 How. 322, 328 (U. S. 1859); *Macbeth-Evans Glass Co. v. General Electric Co.*, 246 Fed. 695 (C. C. A. 6th, 1917), *cert. denied* 246 U. S. 659 (1917).

can avoid the operation of this principle against its secret defense invention by filing an application for patent thereon, and preserve its secrecy for as long a time as it sees fit by successive certifications to the Patent Office by the defense officials, if needed for a time far in excess of the limited time for which patents may be granted.<sup>45</sup>

Turning our attention to the words "to promote the general welfare",<sup>46</sup> it would appear that the public interest requires that even the most unknown individual among the people, irrespective of his prior attainments as a producer of commercial products, and no matter how limited or extensive his resources, should have the untrammelled competitive right to establish himself, or to continue, in such production. If, to commence in such production or to continue therein with an improved product, he requires an invention owned by the federal government, what public interest is there which requires a different answer to him depending on whether or not the invention is patented to the federal government? At common law he can freely use any unpatented invention, irrespective of who owns it, but if there is an implied right in the Constitution that the federal government may exercise patent rights, he could use the invention patented to the government only by the grace and favor of the government. Has he not, as a member of "we, the people", the absolute right to use the invention patented to the delegate of "we, the people", rather than having to rely on the grace and favor of the delegate?

In support of the implied right to exclude under a patent owned by the federal government, based on the public interest, it has been contended that commercial products, made under patent license from the

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45. And as to privately owned patents on inventions useful in national defense, the federal government may use the inventions without any interference by the patentee other than a suit for compensation in the Court of Claims, 35 U. S. C. A. § 68, 36 STAT. 851 (1910).

Pub. L. No. 768, 77th Cong., 2d Sess., 1942, provides for the adjustment of royalties under privately owned patents on inventions useful in the prosecution of the war, which royalties in the government's opinion are believed unreasonable or excessive, and are charged or chargeable, directly or indirectly, to the federal government.

For the duration of the war, Pub. L. No. 700, 77th Cong., 2d Sess., 1942, as amended, resorts to secrecy as to inventions by whomever owned, the publication or disclosure of which, in the opinion of the Commissioner of Patents, might be detrimental to the public safety or defense, and authorizes the Commissioner of Patents to withhold patents thereon for such periods as in his opinion the national interest requires. It further permits the filing of corresponding foreign applications for patent, on all inventions whether a secrecy order has been issued or not, only on the express license of the Commissioner of Patents.

46. Constitution, Preamble.

federal government, would become cheaper and more widely available to the public.<sup>47</sup> Such contention misses the point that if all the public could freely use the invention patented to the federal government, commercial products made by the use of the invention, would be even cheaper and still more widely available. Even if the licenses granted by the government were free of royalty, the system of dispensing and revoking licenses in its sole discretion acts as a bar to competition in such commercial products. Many potential competitors in these products would be deterred from engaging in the business of making and selling the products due to the double risk added by such system. At the outset, they would be subject to having the federal government pass on their eligibility to compete, and thereafter, having been favored with the license; they would have to run the risk that the federal government might revoke the eligibility originally accorded.<sup>48</sup>

Our industrial life is not a new condition which was unknown to the framers of the Constitution. The crown's restrictions on manufactures and industries in the colonies, and the favoritism accorded by the crown to industry and manufacture in England, were a contributing cause to the Revolution. It cannot be imputed to the framers that they neglected this factor, and its effect on their political life. They were opposed to all favor and grace of the crown, and can hardly have meant to institute and create a national government which, by implication, had any power such as that of the overthrown crown. It would appear that their failure to delegate to the federal government any such power expressly was not an oversight, and that the only clear implication from the lack of an express power is the complete absence of such power in the public interest.

The revenue power expressly delegated to the federal government is for the purpose: "to pay the debts and provide for the common defense and general welfare of the United States".<sup>49</sup> Spencer, discussing inventions made by employees of the federal government, on its time and

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47. Attorney-General Stone, 34 A. G. Op. 329 (1924).

48. "Our national economy is committed to free enterprise. . . . Among the oldest and most cherished of our institutions is 'freedom of opportunity', an aspect of which is the openness of occupations to all who care to take their chances. The right of a man to his trade is among the oldest of the 'liberties' recognized by the common law. . . . Whatever the industry, a legal right to enter is of little avail unless the adventurer has access to the industrial art." Hamilton, *Patents and Free Enterprise*, Mon. No. 31, INVESTIGATION OF CONCENTRATION OF ECONOMIC POWER, TEMPORARY NATIONAL ECONOMIC COMMITTEE, 76th Cong., 3d Sess. 1941, at 158.

49. Constitution, Art. I, Sec. 8, cl. 1.

with its facilities, on which the employees obtain patents, title to which is not assigned to the federal government but retained by the employees, contends that this rather widespread practice diverts a source of substantial revenue from the federal government into the pockets of the employees and their private assignees.<sup>50</sup> The revenue of which he treats are the license fees collected by such employee-patent owners. If the federal government, rather than the private patentee, were collecting these royalty fees, it is submitted they would constitute a direct tax on the licensee. But the Constitution is clear that direct taxes must be apportioned among the several states,<sup>51</sup> and the courts have held that direct taxes imposed on the individual are unconstitutional.<sup>52</sup> It is submitted that the sixteenth amendment does not alter this situation for the royalty payable under a patent license has no relation to "incomes, from whatever source derived".

During World War I, the federal government purchased from the Alien Property Custodian certain patents which the Custodian had seized from enemy owners. In certain of its activities, the government needed licenses under other patents held by private interests. The federal government, therefore, embarked on a program of granting licenses to these private interests under the patents so purchased, in exchange for licenses to the federal government under the patents owned by private interests. Basically the federal government was thus employing its grant of licenses to the private interests as a substitute for the public funds it would otherwise have had to expend to obtain for itself licenses from the private interests.<sup>53</sup> A former Commissioner of Patents concluded as to this that the federal government was without power to so grant licenses, and had "nothing to give" to the private interests for the license it received.<sup>54</sup>

The courts have held that a patent is a contract to be construed by the same principles that control the construction of all contracts; that the consideration given by the inventor in the patent contract is his disclosure of the invention, and that of the federal government, the

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50. SPENCER, *THE UNITED STATES PATENT LAW SYSTEM* (Chicago, 1931) 40.

51. Constitution, Art. I, Sec. 2, cl. 3.

52. *Hylton v. United States*, 3 Dallas 171 (U. S. 1796); *Pollack v. Farmers' Loan & Trust Co.*, 158 U. S. 601 (1895).

53. *Brown v. Maryland*, 12 Wheat. 419 (U. S. 1827); *Boyd v. United States*, 116 U. S. 616, 635 (1885); *Postal Telegraph Cable Co. v. Adams*, 155 U. S. 688 (1895); *Fairbank v. United States*, 181 U. S. 283 (1901).

54. Ewing, *Government Owned Patents* (1928) 10 JOURNAL OF THE PAT. OFF. SOC. 149-156.

grant of the right to exclude for a limited time;<sup>55</sup> and that where the disclosure of the invention on the patent is not complete, the contract collapses and the patent is void.<sup>56</sup> It is fundamental to the law of contracts that a party cannot contract with himself, there must be at least two parties to a contract.<sup>57</sup> Where an inventor files his application for patent on his invention, he negotiates with the federal government in the formulation of the contract. If such an inventor, as the result of his employment or other agreement, is obligated to assign his invention and the patent thereon to the federal government, the situation is thus that the federal government, either directly or through the inventor on its behalf, is negotiating a contract with the federal government. In such a situation, no valid contract can result.

The only other fact situation possible, is that the patent is granted to the inventor or to his non-government assignee, and thereafter the issued patent, by purchase, devise, gift or vesting, becomes the property of the federal government. Originally there were two parties to the patent contract, the inventor and the federal government. Now, there is only one, the federal government, which has become repossessed of its grant of the right to exclude from the invention. Under a general principle of contract law, where a contractual promise again becomes the property of the promisor, the promise disappears.<sup>58</sup> It is submitted that therefore in the patent contract, owned by the federal government, the right to exclude from the invention, the promise of the federal government in the patent contract, has disappeared.

Discussion of the instant problem by the text writers has been decidedly limited. Most of the published views, with one exception, incline to the view that the federal government can exercise the right to exclude under patents to which it has legal title. Spencer, discussing the shop right accorded the federal government under inventions made by government employees, emphasizes the loss of revenue to the federal govern-

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55. *Century Electric Co. v. Westinghouse E. & Mfg. Co.*, 191 Fed. 350, 354 (C. C. A. 8th, 1911); *Fried. Krupp A-G v. Midvale Steel Co.*, 191 Fed. 588, 594 (C. C. A. 3d, 1911), *cert. denied* 233 U. S. 728 (1913); *Tompkins-Hawley-Fuller Co. v. Holden*, 273 Fed. 424, 430 (C. C. A. 2d, 1921).

56. *Jensen-Salsbery Lab. Inc. v. O. M. Franklin, B. S. Co.*, 74 F. (2d) 501, 509 (C. C. A. 10th, 1934); *The Incandescent Lamp Patent*, 159 U. S. 465, 474 (1895); *General Electric v. Wabash*, 304 U. S. 364, 372 (1938).

57. *In re State Exchange Bank of Stryker*, 26 Ohio App. 142, 159 N. E. 839 (1927); *Sinclair Refining Co. v. Long*, 139 Kan. 632, 32 P. (2d) 464 (1934); 17 C. J. S. 356-7; *RESTATEMENT, CONTRACTS*, § 15.

58. *Persky v. Bank of America Nat. Assn.*, 261 N. Y. 212, 219, 185 N. E. 77, 79 (1933).



ment by such system. He does not go into the matter of whether there is any constitutional authority in the federal government enabling it to exercise the right to exclude for revenue purposes. While he makes the statement that "no valid objection exists to conferring upon the government the right to hold patents . . . and bring suit",<sup>59</sup> he appears to find some difficulty with the otherwise unsupported proposal he makes, for he adds directly, "so long as a provision is included which will be effective to prevent the government from entering into strenuous business competition with private individuals. . . . The authority to grant exclusive licenses is, however, too despotic and all too subject to misuse and abuse in application to be put in the hands of the government. . . ." <sup>60</sup> It would seem that he uses the term "patent" in a meaning differing from that accorded it under our existing law, and that what he is prepared to have the government empowered to hold and enforce is a right limited in such a way that it is not assignable by the federal government, will not authorize government to compete with private business, and will not enable the federal government to grant an exclusive portion of that right to any one.

Broder,<sup>61</sup> conceding that the Constitution makes no mention of the power of the federal government to hold patent rights, is of the view: "aside from the question of constitutionality, there appears no logical reason why it cannot hold or own the grant outright."<sup>62</sup> He does not discuss the constitutional question, and fails to consider the two objections mentioned by Spencer, competition with private business and exclusive licenses. Where the federal government buys a patent, Broder sees no practical or legalistic reason why the federal government cannot bar others from the use of the invention, but reveals he is none too certain in this, by continuing: "The apparent right to hold title to such patents becomes, perhaps, more attenuated as the subject matter covered therein diverges from the fields wherein the Federal Government has jurisdiction."<sup>63</sup> He does not identify the fields of federal jurisdiction, and discusses neither the nature of the federal government nor the character of patent rights. While leaving the final decision of the main question to the courts, he feels that "from the point of view of

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59. Spencer, *op. cit. supra*, note 50 at 40.

60. *Id.* at 41.

61. Broder, *Government Ownership of Patents* (1936) 18 JOURNAL OF THE PAT. OFF. Soc. 697.

62. *Id.* at 699.

63. *Id.* at 700.

consistent procedure and ultimate benefit, the school of thought that maintains the right of the Government to deal in patents seems to be the more reasonable."<sup>64</sup> No reasons are set forth why the ultimate benefit is preferable to presently, and at the earliest moment, having the public participate in the progress of science and the useful arts made or controlled by the government.

Similarly, Howell<sup>65</sup> states: "There is nothing in the law to prevent the Government from receiving a copyright by purchase or gift and holding it as proprietor". He does not further develop the statement, and it is probable by "law" he means statutes for he makes the statement after referring to the statutory provision that there is no copyright in publications of the federal government.

The only writer that comes to the conclusion that the government has nothing to give by way of a license under a federal government owned patent is Ewing,<sup>66</sup> a former Commissioner of Patents. He bases his conclusions not only on the constitutional limitations, but also on the ground that the federal government cannot confer rights upon itself by its own grants. He relies extensively on Thomas Paine, whose arguments, contemporaneous with the Constitution, were successfully presented against the claims of Virginia to certain lands. Paine's arguments were based on the proposition that when the patent for the land in question returned to the Crown which had granted it, the patent ceased to exist insofar as any government right or power was concerned, and hence the land belonged not to Virginia but to the United States for the benefit of all.

The subject matter of the instant inquiry has, within the last twenty years, been considered by the Attorneys-General of the United States, on two occasions directly and on several occasions indirectly. For a full understanding of their views, a chronological treatment appears advisable. The first of the line of opinions was rendered by Attorney-General Stone on October 28, 1924,<sup>67</sup> in answer to the inquiry whether the Secretary of the Navy could grant licenses under federally owned patents in exchange for licenses by private interests to the federal government. This is the identical situation as to which Ewing, as above mentioned, concluded the federal government had nothing to give. The Attorney-General being "unable to find in the law any direct, specific

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64. *Id.* at 708.

65. HOWELL, *THE COPYRIGHT LAW* (Washington, 1942) 40n.

66. *Cf.* Ewing, *loc. cit. supra* note 54.

67. *Cf.* 34 A. G. Op. 320.

statutory grant of authority to one of the Executive Departments to alienate any of the patent rights acquired by the United States or any of its Departments, or to in any way encumber the same or grant privileges in connection therewith",<sup>68</sup> turned to the practice of the executive departments in respect of federal government real property for guidance. Holding that the practice, under which the executive departments granted to private interests temporary and revocable permits to use federally owned real property, was well established, and pointing out that the holder of a non-exclusive and revocable license under a patent on an invention had not as much interest in the property licensed to him as had a tenant at sufferance in realty, he concluded that the Secretary of the Navy could, in the public interest, grant non-exclusive, non-transferable and revocable licenses under patents owned by the federal government. He supported the public interest in these words:

"As the Government does not itself manufacture for sale or disposition the devices covered by the patent which are for Government use alone if it grants no license under the patents owned by it, the invention is practically buried and unavailable for the life of the patent, the public is deprived of the advantage of the invention, and so the object of the Constitutional provision is substantially nullified or evaded with no consequent advantage to the Government but distinct loss because of the greater cost of the restricted article both to the Government and eventually the public, because the wider the field and the greater the production, the cheaper the article. In other words, the granting of a license tends to further the intent of the Constitutional provision while the burying of the patent, which is the effect of a failure to manufacture and sell or license others so to do—eviscerates it."<sup>69</sup>

Some nine years later, the question whether the government could issue licenses to private interests for non-governmental purposes under patents owned by the government, was resubmitted. The Attorney-General, on July 11, 1933,<sup>70</sup> again was of the view that the federal government could grant such licenses, relying wholly on the Stone opinion of October 28, 1924.

Whether upon an assignment of a patent to the United States, the invention thereof was dedicated to the general public or became the exclusive property of the federal government, empowering the latter to exclude the general public from the invention, was answered on March 9,

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68. *Id.* at 323.

69. *Id.* at 329.

70. Attorney-General Cummings, 37 A. G. Op. 180 (1933).

1936.<sup>71</sup> The Attorney-General, holding there was no dedication of the invention to the public, based his conclusion on the Stone opinion of October 28, 1924, reasoning that: "The issuance of such licenses is consistent only with the view that there is no authority for private persons to use inventions covered by government-owned patents in the absence of a license."<sup>72</sup>

To the date of writing, there have been two additional opinions by the Attorney-General, both of which are based on the Stone opinion and cite no additional authority. The opinion of November 2, 1936,<sup>73</sup> concludes that revocable, non-exclusive and non-transferable licenses may be granted under a government owned patent, free of royalty if the license is in the public interest, but for a consideration if there be no public interest. The opinion of May 10, 1938,<sup>74</sup> held that an assignment of a patent to the United States did not result in a dedication of the invention to the public.

From the foregoing, it will be noted that the entire line of opinions of the Attorneys-General are based on the Stone opinion. In this opinion patent rights are considered wholly in the light of practices in government owned real property. No consideration is accorded the fact that patent rights are the creation of the federal government itself, and upon the assignment of patent rights to the federal government, these created rights have returned to their creator. While the opinion relies on real property law and applies it to patent rights, the rule of real property applicable when titles to both a dominant and servient tenement are joined in the same owner, was, however, neither mentioned nor applied in the consideration of the patent rights. It is submitted that, if reasoning as to patent rights is to be carried over from the law of real property, all the pertinent principles of real property law merit application. The views of the Attorney-General would seem to be based upon less than all the pertinent facts, and hence the weight to be accorded them appears questionable.

It will be recalled that the opinions of the Attorney-General are treated by the courts much the same way as are established practices of executive departments charged with enforcing a particular statute or constitutional provision.<sup>75</sup> He is not a judicial officer but rather an

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71. Attorney-General Reed, 38 A. G. Op. 425 (1936).

72. *Id.* at 427.

73. Acting Attorney-General Bell, 38 A. G. Op. 534 (1936).

74. Attorney-General Cummings, 39 A. G. Op. 164 (1938).

75. *Fairbank v. United States*, 181 U. S. 283, 308 (1901); *The Propeller Genesee Chief v. Fitzhugh*, 12 How. 443 (U. S. 1851).

officer of the executive branch of the government, whose views as to law are to be accorded such deference as is given to the opinion of other able persons learned in the law, and no more.<sup>76</sup> As appears from the reported cases located, his opinions have been disregarded by the courts about as often as followed.<sup>77</sup> In the only reported instance of an opinion on patent matters, *Squier v. American Telephone and Telegraph Co.*,<sup>78</sup> his opinion was not followed by the court. Here the patentee-plaintiff had secured a patent on his invention under the provisions of the Act of March 3, 1883, and sued for infringement based upon a non-governmental use. The Act provided for fee-less patents on the applications for patent on inventions by government employees, providing the government employee agreed that the patented inventions might be used royalty free by the government, its officers, "or by any other person in the United States". In the opinion of March 22, 1920, the Attorney-General construing the Act, stated:

"It is my opinion that when a patent issues under the provisions of this Act no dedication to the public results, but that any person in the United States, including governmental officers and employees, may use the invention disclosed in the patent without the payment of royalty provided the use be in the prosecution of work for the federal government."<sup>79</sup>

Finding for the defendant, District Judge Knox held: "there is no good reason to doubt that the statute under consideration means exactly what its words, as they appear and are arranged, declare."<sup>80</sup> He pointed out that neither in the Attorney's-General opinion of March 22, 1920, nor in an earlier opinion by the Judge Advocate of the Army, whose views were the same as those of the Attorney-General, was there any

76. *McDonald v. United States*, 89 F. (2d) 128, 135 (C. C. A. 8th, 1937), *cert. denied* 301 U. S. 697 (1937).

77. Eight reported decisions in which opinion by the Attorney-General have been discussed by the court have been located in an extensive search; however, no claim is made that the list necessarily exhausts the decisions. *Surgett v. Lapice*, 8 How. 48 (U. S. 1850); *Harrison v. Vose*, 9 How. 372 (U. S. 1850); *United States v. Falk*, 204 U. S. 143 (1907); *Erwin v. United States*, 37 Fed. 470, 474 (D. C. Ga. 1889); *Johnson v. McIntosh*, 8 Wheat. 543, 549 (U. S. 1823); *Lewis Pub. Co. v. Morgan*, 229 U. S. 288 (1913); *Squier v. Amer. Tel. & Tel. Co.*, 7 F. (2d) 831 (C. C. A. 2d, 1924), *cert. denied* 269 U. S. 567 (1925); *McDonald v. United States*, 89 F. (2d) 129 (C. C. A. 8th, 1937), *cert. denied* 301 U. S. 697 (1937).

78. 21 F. (2d) 747 (D. C. S. D. N. Y., 1924), *affirmed* 7 F. (2d) 831, *cert. denied* 269 U. S. 567 (1925).

79. Acting Attorney-General Ames, 32 A. G. Op. 145 (1920).

80. *Squier v. Amer. Tel. & Tel. Co.*, 21 F. (2d) 747, 751.

mention of the practice of the Patent Office marking the legend: "Dedicated to the Public", on the face of patents issued under the Act. Judge Knox went on to say: "While their arguments have some element of appeal, I find myself unable to adopt their conclusion."<sup>81</sup> The Circuit Court of Appeals in affirming did not find it necessary to affirmance to pass on the Attorney's-General opinion, but did state that if such were necessary, the court would prefer the 1910 opinion of the Judge Advocate to the effect that the Act did result in a dedication to the public.

The continued practice by the executive departments of granting non-exclusive, non-transferable, and revocable licenses under patents owned by the federal government, is not such a practical construction as to be decisive of the power of the federal government to exercise patent rights. The patent right is not the exclusion of others from making, using and selling an invention, but the right to exclude others. A license under the patent right is the waiver of the right to exclude as to the particular licensee carrying with it no affirmative right to make, use and sell the invention. The licensee may, notwithstanding his license under a patent, still not be in a position to make, use and sell the invention because the contemplated embodiment may involve the use of the earlier patent of a different inventor upon the broader and more basic invention. The patent license thus differs from a license to real property, for example, which not only waives actual exclusion from the realty but grants the affirmative right to use the realty.<sup>82</sup> There has not been a single instance in which the federal government ever enforced, or attempted to enforce,<sup>83</sup> the right to exclude under a patent.<sup>84</sup> The fact that the federal government has merely waived suit<sup>85</sup> against a number of licensees under patents it owns is, therefore, not determinative of whether the

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81. *Ibid.*

82. The form of license by the Alien Property Custodian (A. P. C. 30, Feb. 1943) would appear to be based on the theory that a non-exclusive and non-transferable license under a patent conveys some affirmative right to the licensee. In Section 1, Extent of Grant, of such license, it is provided that the license may not be pledged or encumbered. It is difficult to see how one, against whom a right of action or suit has been waived, can do anything to encumber or pledge the waiver running to him.

83. Attorney-General Reed, 38 A. G. Op. 425, 428 (1936).

84. In this connection, note also the administrative regulation of the Department of Agriculture, providing that inventions by employees "will be patented in the name of the inventor without expense to him, in such a way as to allow any citizen of the United States to use the patented article or process without payment of royalties." *Selden Co. v. National Aniline & Chemical Co.*, 48 F. (2d) 270, 272 (D. C. W. D. N. Y. 1930).

85. "(A license under a patent) . . . has been described as a mere waiver of the right to sue by the patentee." *Henry v. Dick Co.*, 224 U. S. 1, 24 (1912).

federal government actually has any patent right it can enforce. Significantly none of the licenses under patents granted by the federal government, in so far as known, ever involved the payment of royalties by the licensee; they have all been royalty free. The licensees may well have believed there was a competitive advantage in publicizing that they were licensed by the federal government and in so marking their products.<sup>86</sup>

Turning now to what the Courts have said on the subject of the instant inquiry, it is repeated that there is no decision one way or the other on the merits of the subject. The case of *United States v. Houghton*<sup>87</sup> involved inventions made by a government employee during government time and with the use of government facilities. The inventor filed applications for patent but did not proceed under the Act of March 3, 1883. He then offered the government a royalty free license for the life of the patents for governmental purposes only. The government, not content with this offer, brought suit to compel the inventor to assign to it the entire right, title and interest in the inventions and the patents thereon. The court, applying the rule that where an employee is hired to invent the invention belongs to the employer, found for the government. The case did not involve the question of the effects of assignment of patent rights to the federal government, and yet the affirming court said:

"The Public Health Service represents the people of the United States. Its interest is their interest. Its investigations are made for their benefit. And although neither it nor they have any interest in monopolizing inventions which may be made in the course of its studies and experiments, both have an interest in seeing that these inventions are not monopolized by anyone. In the case of the fumigant gas developed by the defendant while employed and paid by the government to develop it, they are interested not only in the use which the Health Service itself may make of it but also and primarily in having it supplied to the public as freely and cheaply as possible. It is unthinkable that, where a valuable instrument in the war against disease is developed by a public agency through the use of public funds, the public servants employed in its production should be allowed to monopolize it for private gain and levy a tribute upon the public which has paid for its production, upon merely grant-

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86. The form of license by the Alien Property Custodian requires patent marking by the licensee in compliance with Rev. Stat. 4900 (1870), 35 U. S. C. A. § 49, and in addition permits the licensee to add a further notice "Licensed by the Alien Property Custodian", or the abbreviation "Lic. APC". A.P.C. 30 (Feb. 1943) Sec. 4.

87. 20 F. (2d) 434, *affirmed* 23 F. (2d) 386, *cert. denied* 277 U. S. 592 (1928).

ing a non-exclusive license for its use to the governmental department in which they are employed."<sup>88</sup>

It is to be particularly noted that the court makes no exception in favor of the federal government in its statement "that these inventions are not monopolized by anyone." The language, it is submitted, applies with equal force to any and all patents title to which is in the United States. As the court indicates, a license to the federal government to use the patented inventions for its governmental purposes is all the government really needs for its own activities. But the government's obligation does not end there; not only has the government no interest in itself monopolizing the inventions it owns, it has also the duty to see that no one else monopolizes them.<sup>89</sup> Although not expressly mentioning the federal government's obligation to promote the progress of a science and the useful arts, this language is some evidence of the conviction of the court that the federal government has no power to exclude from the practice of an invention disclosed in a patent to which it holds legal title.

In *United States v. Dubilier*,<sup>90</sup> inventions were made by government employees of the Bureau of Standards and the patents thereon assigned to the defendant corporation. The United States sought a declaration that the defendant held the patents in trust for the government and be required to assign them to the government. The majority of the court held that as the employee-inventors were not employed by the government to invent, the government was confined to a shop-right under the inventions. Like many decisions, the majority opinion contained some passages not directly pertinent to the holding. In the original decision as reported there appeared the following paragraph:

"Moreover, no court could, however clear the proof of such a contract, order the execution of an assignment. No act of Congress has been called to our attention authorizing the United States to take a patent or to hold one by assignment. No statutory authority exists for the transfer of a patent to any department or officer of the government, or for the administration of patents, or the issuance of licenses on behalf of the United States. In these

88. 23 F. (2d) 386, 391.

89. ". . . the conclusion that it is the *patentee* upon whom falls the duty of promoting of science and the useful arts . . . is plain foolishness. The Constitution expressly states that it is *Congress* that is to promote the progress of science and the useful arts." (Italics in original.) Ballard, *Patents and Free Enterprise*, (1941) 20 BELL TELEPHONE MAGAZINE 243, 249, quoted in FOLK, *op. cit. supra* note 22, at 85.

90. 289 U. S. 178 (1933).



circumstances no public policy requires us to deprive the inventor of his exclusive rights as respects the general public and to lodge them in a dead hand incapable of turning the patent to account for the benefit of the public."

About a month after the original decision was rendered, a unique and startling thing occurred, which is a most unusual disposition of obiter contained in a decision. The paragraph was on motion of the Solicitor-General of the United States eliminated from the report of the decision.<sup>91</sup>

The two dissenting opinions in this case are, however, of interest on the instant inquiry. The dissenting Justices, viewing the facts as requiring a holding that title to the inventions and the patents thereon was in the United States, discussed the subject matter of this inquiry. In the dissenting opinion by Mr. Justice Stone, in which Mr. Justice Cardozo joined, is stated:

"... It is a difficult question which has been the subject of consideration at least since the war, whether the public interest is best served by the dedication of an invention to the public or by its exploitation with patent protection under license from the government or the inventor. But the difficulty of resolving the question does not justify a decree which does answer it in favor of permitting government employees such as these to exploit their inventions without restriction, rather than one which would require the *cancellation of their patents or their assignment to the United States*. The decrees should be reversed."<sup>92</sup>

Mr. Chief Justice Hughes, also dissenting, concluded:

"As the people of the United States should have the unrestricted use of the inventions in such a case, I think that the appropriate remedy would be to *cancel the patents*."<sup>93</sup>

All of the dissenting Justices thus shared the view that where title to a patent was to be assigned to the federal government, such assignment differed from an assignment to a non-government party. In an assignment to a private party, while the patent rights are divested from the assignor, there is never any question that the patent rights are, or may be, cancelled—they are always vested in the assignee. But where, as here, the government is the potential assignee, the Chief Justice holds there is a cancellation of the patent rights, while Justices Stone and Cardozo hold there may be a cancellation of the patent rights. It is submitted that the inference from these remarks of the three Justices

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91. *Id.* at 706.

92. *Id.* at 222 (*Italics added*).

93. *Id.* at 224 (*Italics added*).

is that they hold the view that an assignment of a patent to the federal government amounts to a dedication of the invention of the patent to the public. In any event, it is to be particularly noted that the whole line of opinions by the Attorneys-General, hereinabove mentioned, is based upon the opinion,<sup>94</sup> written while he was Attorney-General, by the very Supreme Court Justice who, nine years thereafter and with the benefit of additional experience with patent law, placed assignment of a patent to the federal government in the same category as, if not the actual equivalent of, the cancellation of the patent.

By way of summary, it is concluded:

- a. The Constitutional provision is clear, certain, and unambiguous that Congress has the duty and obligation to promote the progress of science and the useful arts;
- b. The Constitution neither delegates nor implies power in the federal government to exclude any one from making, using or vending an invention disclosed in a patent, legal title to which is in the federal government; but the Constitution does imply the complete absence of such power;
- c. There is no right to exclude from making, using and vending a disclosed invention at common law; the power to create the right is in "we, the people" and has been exercised to date only for the purpose of promoting the progress of science and the useful arts;
- d. The progress of science and the useful arts is not promoted by the federal government exercising a right to exclude from the practice of a disclosed invention owned by the federal government, but on the contrary is thereby delayed, impeded, and negated;
- e. Title to a patent in the federal government is the cancellation of all patent rights, and reduces the patent document to a publication of the invention therein described; and
- f. The common law right to make, use, and vend a disclosed invention, perfected or owned by the federal government, and patented to the federal government, requires nothing further in aid of the right.

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94. Cf. note 47, *supra*.