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ARE THE SECRECY ORDER COMPENSATION PROVISIONS OF THE PATENT ACT CONSTITUTIONAL UNDER THE FIFTH AMENDMENT?

The secrecy order provisions of the Patent Act\(^1\) raise a number of issues under the U.S. Constitution.\(^2\) The primary focus of this note is on the Fifth Amendment issues raised by the Invention Secrecy Act.\(^3\)

I. HYPOTHETICAL SCENARIO

In January of 2002, Inventor discovers that adding coffee grinds to paraffin results in a cleaner burn. After some experimentation, Inventor learns that by reacting a particular coffee grind extract with isopropyl alcohol and then adding the by-product he has named JAVEX to fuel, a completely clean burning fuel results. Furthermore, the fuel with JAVEX can be combusted at lower temperatures and pressures.

After further experimentation, Inventor creates a clean and relatively cool burning fuel that is suitable for jet and rocket/missile engines. Consequently, this new fuel can drastically reduce infrared (IR) signatures by reducing the temperature of the exhaust plume. Therefore, JAVEX will have significant application in the field of stealth technology. Inventor hires a patent attorney in August of 2002 to draft and file a patent application.

In December of 2002, Inventor files a patent application in the U.S. Patent & Trademark Office entitled "Jet Fuel Additive." In February of 2003, Inventor receives a Filing Receipt noting that the file is under Security Review. In April of 2003, Inventor receives notification that his patent application has been placed under secrecy orders after notification by the Department of the Air Force that disclosure of the sub-


2. Aside from the obvious First Amendment issues, at least the Fifth Amendment, the Ninth Amendment and Fourteenth Amendment are implicated by various provisions of the Patent Act.

ject matter of his patent application could impact national security. Due to the secrecy orders, Inventor does not receive a foreign filing license. 4 Patent prosecution on the merits proceeds5 and in April of 2005, Inventor receives a Notice of Allowance.6 The Notice of Allowance states that the patent application is in condition for allowance but for the secrecy order. Inventor would like to be compensated for his inability to license his invention and his inability to file foreign patent applications covering the subject matter of the patent application. Assuming that the Government uses the invention, Inventor would also like to be compensated for the government use. What amount of money will constitute just compensation and how will this figure be calculated? Will Inventor be able to recover this figure and thereby be adequately and justly compensated for the secrecy orders?

II. INTRODUCTION

Before discussing how Inventor may obtain compensation, it is helpful to understand the number of secrecy orders and trends concerning the imposition of secrecy orders, a basic knowledge of how and when secrecy orders are imposed, and the ramifications of having a patent application subject to secrecy orders.

A. Current Trends

The latest statistics available show that as of the end of fiscal year 2006, 4,942 patent applications are subject to secrecy orders with 108 new secrecy orders imposed during fiscal year 2006.7 Assuming8 that

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4. 35 U.S.C. § 184 (2006). In some instances, an inventor may receive what is called a 'Permit A,' allowing foreign filing in certain foreign countries. M.P.E.P. § 120 at 100-22 (8th ed., 2006). See infra note 21 for a brief summary of the three types of secrecy orders. For purposes of this hypothetical scenario, it will be assumed that Inventor did not receive a 'Permit A.'

5. After the secrecy orders are imposed, prosecution of the application generally proceeds. 69 C.J.S. Patents § 175 (2006). In extremely rare circumstances, the application will be sealed, prosecution will be suspended, and no prosecutorial action will occur. Hausken, supra note 1, at 216-17 ("Where the agency believes that even examination of the application may 'jeopardize the national interest,'...the application will be sealed...") (citing 35 U.S.C. § 183 (2006)).

6. While the notice provided Inventor is not technically a Notice of Allowance in its traditional sense, courts and legal authorities often refer to the notice as a Notice of Allowance or NOA. In fact, the notice provided does not require any response from the applicant, but rather places the application in a "state of suspension until the secrecy order is removed." 69 C.J.S. Patents § 175 (2006).


8. Official figures are not yet available for fiscal year 2006.
approximately 400,000\(^9\) patent applications were filed in 2006, this means that about .02\% of all patent applications were placed under secrecy orders.

Nonetheless, the number of patent applications under secrecy orders is trending generally downward.\(^10\) Compare the fiscal year 2006 figures\(^11\) with the figures for fiscal year 1989, in which 847 new secrecy orders were issued and to fiscal year 1991, in which over 6,100 patent applications were under secrecy orders.\(^12\)

The downward trend is more detectable when viewing the number of new secrecy orders issued and the total number of patent applications subject to secrecy orders over the time period covering fiscal year 1992 through fiscal year 2001 (excepting the 50\% increase in fiscal year 1998).\(^13\)

As a result of the terrorist attacks of September 11, 2001, fiscal year 2002 saw a 75\% increase in new secrecy orders (with 139).\(^14\) Since 2002, the rate of imposition of new secrecy orders has generally declined until a slight increase in fiscal year 2006 of about 1.8\%.\(^15\)

It seems that the issuance of secrecy orders is becoming less frequent since the end of the Cold War, but whether this trend continues will likely depend upon the general state of world affairs, whether it is one of war or peace. So, while the imposition of secrecy orders, other than in the government contractor setting, is fairly rare, as long as there is one secrecy orders case, the compensation provisions must be fair to the inventor and to the government.

**B. How and When Secrecy Orders are Imposed**

All provisional patent applications filed under 35 U.S.C. § 111(b), non-provisional patent applications filed under 35 U.S.C. § 111(a), and Patent Cooperation Treaty patent applications are reviewed for any subject matter, that could impact national security if disclosed.\(^16\)

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12. *Id.*

13. *Id.*

14. *Id.*

15. *Id.*

Such applications are then forwarded to designated departments for a security review of the subject matter of the patent application. The departments are designated by statute and by the President of the United States.

If one of the reviewing departments determines that the disclosure of the subject matter of the patent application could impact national security, the department may notify the Commissioner of Patents, thereby recommending the imposition of a secrecy order. Upon receiving such notification, "the Commissioner of Patents shall order that the invention be kept secret and shall withhold the publication of the application or the grant of a patent for such period as the national interest requires, and notify the applicant thereof." The secrecy orders last for one year but will be renewed for additional one-year periods if the head of the department or agency notifies the Commissioner of Patents that the national interest requires renewal of the secrecy order. Secrecy orders imposed during a time of war or national emergency do not expire until either the cessation of hostilities or six months after the state of national emergency ends.

C. The Ramifications of the Imposition of Secrecy Orders

Once secrecy orders are imposed, the inventor is prohibited from disclosing the subject matter of the patent application to any person not aware of the subject matter of the patent application prior to the date the secrecy orders were imposed. The inventor may file a petition chal-
lenging the imposition of secrecy orders. If the petition is denied, the inventor may appeal within sixty days to the Secretary of Commerce.

One who willfully violates the secrecy order will likely have his patent application held abandoned, lose his right to compensation, be barred from receiving a patent and may be subject to a substantial fine and up to two years in prison. It should be noted that this prohibition extends to patent practitioners not aware of the subject matter of the patent application prior to the imposition of secrecy orders, a point that may be important during any subsequent legal proceedings.

After the imposition of secrecy orders, prosecution on the merits proceeds until the application is in condition for allowance. The inventor is allowed to file responses to Office Actions in the standard procedural manner. If prosecution proceeds to the point that an appeal is necessary, the inventor must file a notice of appeal and the appeal brief, but no hearing will be scheduled until the secrecy orders are lifted.

An application that is in condition for allowance but for a secrecy order, will not issue until the Commissioner lifts the secrecy order. This condition may continue for an extended period of time. Two reported cases concerned patent applications that were under secrecy orders for over twenty-six years. In fact, secrecy orders may be kept in

27. Id. But, a dissatisfied inventor may not appeal to the Secretary of Commerce until the petition under 37 C.F.R. § 5.4 is made and denied.
28. See 35 U.S.C. § 182 (2000) (providing abandonment for unauthorized disclosure of the subject matter of a patent application under secrecy orders, including any disclosure in any publication or a foreign patent application filing); 35 U.S.C. § 184 (prohibits the foreign filing of a patent application prior to the grant of a foreign filing license and provides that a foreign filing license will not be granted in the case of a patent application under secrecy orders); 35 U.S.C. § 185 (2000) (bars the grant of a patent if a foreign patent application is filed without having first obtained a foreign filing license pursuant to § 184); 35 U.S.C. § 186 (2000) (provides penalties for knowingly violating a secrecy order).
29. 35 U.S.C. § 186 (prohibiting disclosure without any attorney-client exception unless 'due authorization' is granted).
31. However, special mailboxes and requirements apply to the submissions in response to Office Actions, e.g., some levels of secrecy orders require hand delivery and some require special notations on the envelope, etc. 37 C.F.R. § 5.1 (2006). Also, due to the special handling requirements, the applicant will ordinarily be given the full statutory time limit (six months) within which to respond to an Office Action. M.P.E.P. § 130 at 100-28.
32. 37 C.F.R. § 5.3 (2006).
34. Stein v. United States, 135 F. Supp. 2d 265, 266 (D. Mass. 2001) (Stein was assigned a patent application that was under secrecy orders for just under 27 years; from April 9, 1973 to March 22, 2000); American Tel. & Tel. Co. v. United States, 231 Ct. Cl. 360, 361 (Ct. Cl. 1982) (Secrecy orders were in effect for over 26 years; from April 14, 1949 until June 13, 1975).
place indefinitely if national security requires. 35

**D. How an Applicant Seeks Compensation**

The Patent Act gives applicants the right to seek compensation for the imposition of secrecy orders and/or the use of the invention by the Government. 36

The window to seek compensation opens when the applicant is notified that the application is in a condition for allowance except for the secrecy orders. 37 The applicant then has until six years 38 after a patent issues from the application to apply for compensation. 39 The application for compensation is made to the head of the department or agency that caused issuance of the secrecy orders, not to the Commissioner of Patents who actually imposed the secrecy order. 40

The head of the department or agency is authorized by statute to enter into negotiations with the applicant or his successors, assignees or representatives to enter into an agreement in full settlement for the damage or use. 41 If settlement cannot be effected, the Patent Act authorizes the “head of the department or agency [to] award and pay to [the claimant] a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation for the damage and/or use.” 42 There is no statutory guidance as to what amount of negotiations are required before the department head may determine that “settlement cannot be effected.” 43 There is also no statutory guidance as to how the figure representing “just compensation” 44 is calculated.

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35. As long as the secrecy orders are renewed each year, there is nothing in the Invention Secrecy Act that sets a time limit for secrecy orders. 35 U.S.C. §§ 181-188.


37. Id.

38. Sen. Rpt. 82-1001 at 1323 (Oct. 16, 1951)(explaining that the 6-year statute of limitations in H.R. 4687 was “incorporated to preclude the collection of old suits”).


40. Id.

41. Id.

42. Id.

43. Id.

44. 35 U.S.C. § 183.
E. Inventor’s Options in Seeking Compensation

Returning to the hypothetical scenario, Inventor now is in a position to seek compensation under the Patent Act since his patent application is in condition for allowance, “except for the secrecy orders.” 45 Under 35 U.S.C. § 183, Inventor can pursue compensation for the damages caused by the secrecy orders or governmental use (if any occurred) in one of two procedurally distinct manners. 46 The distinction between these two procedural approaches is in the point at which the remedy is available. 47

As a first approach, Inventor may seek administrative remedies once Inventor receives notification that the application is in condition for allowance “except for the secrecy orders.” 49 Inventor may present a claim to the head of the Department of the Air Force for compensation for the damage resulting from the imposition of the secrecy orders. 50 After Inventor presents his claim to the head of the Department of the Air Force, he can enter into negotiations with the department head to negotiate a settlement. 51 If Inventor believes the negotiated amount is fair, he can take the amount offered as full settlement which “shall be conclusive for all purposes…” 52 In other words, after the agreed-upon amount is paid, Inventor will not be allowed to renegotiate a settlement even if Inventor later learns that his invention was worth a great deal more than he previously believed. 53

In the event that Inventor and the Air Force cannot reach an agree-

45. Id.
46. Id.; Am. Tel. & Tel. Co., 231 Ct. Cl. at 363 (quoting Constant v. United States, 223 Ct. Cl. 148, 153 (1980)); Hausken, supra note 1, at 222 (noting that “The ISA contemplates two separate procedures”).
47. Id.
48. Id.
50. Id.
51. Id.
52. Id.
53. Id.
54. As an example, consider a situation in which Inventor agrees to a settlement and then discovers that JAVEX is suitable as an additive to internal combustion engines, including automobile engines. Furthermore, Inventor finds that automobiles run on fuel with JAVEX achieve higher gas mileage and produce fewer emissions with, of course, the benefits of better performance. 35 U.S.C. § 183 disallows Inventor’s filing of a second claim to attempt to recover these damages if full settlement has occurred. This type of scenario probably does not raise a constitutional question. The Supreme Court has noted that the measure of damages for a ‘taking’ is measured at the time of the taking; in other words, the measure is what the affected party gives, not what the government receives. See e.g. Brown v. Legal Found., 538 U.S. 216, 235-36 (U.S. 2003). In the hypothetical scenario, Inventor gave and was compensated for a jet fuel additive. The government got a jet fuel additive and an automobile fuel additive.
ment, the Patent Act authorizes the department head to award and pay "a sum not exceeding 75 per centum of the sum which the head of the department or agency considers just compensation." Pursuit of this first approach may be advantageous to Inventor in that Inventor may pursue compensation while the application is still pending; the statute does not require Inventor to wait for a patent to issue to pursue compensation. However, the first approach also carries with it a degree of risk.

Under this first procedural approach, after Inventor presents his claim to the Air Force, he must either accept an award from the Air Force, receive no answer (or offer for negotiations) from the Air Force, or be told that there will be no settlement offered by the Air Force. Until the Air Force provides (or fails to provide) one of these three responses, Inventor will not be deemed as having exhausted his administrative remedies, a condition that courts have found must be satisfied under 35 U.S.C. § 183 prior to filing a suit in the U.S. Court of Claims. After one of these three events occurs, Inventor may file a claim in the U.S. Court of Claims or in the District Court in which the inventor resides, for "an amount which when added to the award shall constitute just compensation for the damage and/or use of the invention by the Government." Plaintiff inventors have fared poorly while pursuing judicial review of administrative handling of compensation claims filed under this first approach, often meeting dismissal under F.R.C.P. 12(b)(6), for failure

55. 35 U.S.C. § 183 (sets forth the procedure in the event that "full settlement cannot be effected").
56. Id.
57. Id. As discussed earlier, the patent application must be in condition for allowance except for the secrecy orders, which prevent the patent from issuing. See supra notes 30-37, and accompanying text.
58. Id.
59. Constant v. United States, 16 Cl. Ct. 629, 635 (Ct. Cl. 1989)(Constant asserted that exhaustion had occurred since the Navy "has failed or declines to make a settlement."). The court in Constant ruled that the Navy had not yet declined to make a settlement and therefore Constant had not yet exhausted his administrative remedies. Id. at 635-636. Hornback, 40 Fed. Cl. at 528 ("[in a suit filed before the patent issues,] Section 183 requires that the applicant first seek relief and obtain a decision from the agency that issued the secrecy order."); Am. Tel. & Tel. Co., 231 Ct. Cl. at 363 ("an applicant may obtain judicial consideration under this first route where no relief is granted by the agency").
62. Or its basically identical counterpart, R.C.F.C. 12(b)(6), the Court of Federal Claims equivalent in text and in operation.
to state a claim upon which relief can be granted and/or for lack of subject matter jurisdiction.\textsuperscript{63}

Therefore, it may be wise for Inventor to seek compensation using the second procedural option\textsuperscript{64} available to Inventor under 35 U.S.C. § 183. The second approach also entails a degree of risk; Inventor must wait until the secrecy orders are lifted and a patent issues on the patent application that was under secrecy orders\textsuperscript{65} before a suit under the second approach may be filed. An inventor seeking compensation under this second procedural approach faces the risk that the secrecy orders will remain in place for a extended time\textsuperscript{66}, or even indefinitely.\textsuperscript{67} Inventor's only recourse is to file a petition under 37 C.F.R. § 5.4 and an appeal to the Secretary of Commerce if the petition is denied.\textsuperscript{68}

Using this approach, Inventor avoids seeking administrative remedies directly from the department or agency that requested the imposition of secrecy orders.\textsuperscript{69} The Inventor may file a claim for compensation in the U.S. Court of Claims from the time the patent issues until six years after the patent issues.\textsuperscript{70}

\section*{III. THE FIFTH AMENDMENT}

The hypothetical scenario of Inventor raises several Fifth Amendment issues arising from application of the Invention Secrecy Act. It is to these issues that the remainder of this paper is directed.

While some courts and scholars\textsuperscript{71} have said it is clear that the impo-
sition of secrecy orders, in and of itself, does not effect a taking within
the meaning of the Fifth Amendment, there are several provisions of the
Invention Secrecy Act that arguably allow for a taking in violation of the
Takings Clause of the U.S. Constitution; e.g., "...nor shall private prop-
erty be taken for public use, without just compensation."\(^\text{72}\)

First, does the Invention Secrecy Act allow for a taking of private
property rights in that an applicant whose patent application is subject to
secrecy orders may be legally barred from filing a foreign patent applica-
tion covering the subject matter of the U.S. patent application that is
subject to secrecy orders? \(^\text{73}\) When the secrecy order is lifted, at least
one year later, the ability to file a foreign patent application may be lost
forever. \(^\text{74}\) To restate this issue another way, does the secrecy-order-
induced forfeiture of foreign filing rights constitute a taking?

Second, does the Invention Secrecy Act allow a taking of private
property rights in that an applicant whose patent application is subject to
secrecy orders may be legally barred from discussing or otherwise dis-
closing \(^\text{75}\) the subject matter of the patent application to any person un-
aware of the subject matter of the patent application prior to the imposi-
tion of secrecy orders? In such a scenario, the inventor or assignee is
prohibited from discussing the application with anyone not aware of the
invention prior to the imposition of secrecy orders. Do the secrecy-
order-induced losses of commercial gain constitute a taking?

To answer the first two questions, a third question must be exam-
ined: does the Invention Secrecy Act compensation provision provide an
inventor just compensation \(^\text{76}\) for all of his losses, including foreign filing

\(^{634-35}\), \aff'd, Constant v. United States, 884 F.2d 1398 (Fed. Cir. 1989)). This case, however,
glosses over the situation in which 35 U.S.C. § 183 fails to provide adequate remedy to an inventor.
Some scholars assert that secrecy orders are not classifiable as exercise of eminent domain. Con-
tenay C. Brinckerhoff, Medical Method Patents and the Fifth Amendment: Do the New Limits on
Enforceability Effect a Taking?, 4 U. BALT. INTELL. PROP. L.J. 147, 151 (1996); Hausken, supra
note 1, at 228-243 (1988). Instead, some would classify secrecy orders as within the government's
police powers. \(\text{Id. at 243.}\) This proposition is based upon patent applications not being classifiable
as personal property. \(\text{Id. and see Jean O. Lanjouw, A New Global Patent Regime for Diseases: U.S.
and International Legal Issues, 16 HARV. J. LAW & TEC. 85, 99 (2002).}\) As will be discussed, \(\text{infra}
note 83 and accompanying text, this reasoning is flawed.\(\text{72}\)

\(^{72}\) U.S. CONST. amend. V.


\(^{74}\) 35 U.S.C. § 181 (barring the filing of any foreign patent applications without a foreign
filing license); \(\text{see also}\) International Convention for the Protection of Industrial Property, art. 4, C,
1, March 20, 1883, [hereinafter Paris Convention] (limiting the one-year grace period within which
to file a patent application claiming priority to a patent application in a member state to twelve
months for utility patent applications and six months for design patent applications).

\(^{75}\) 35 U.S.C. § 186.

\(^{76}\) 35 U.S.C. § 183.
rights and lost commercial gain? Of particular pertinence to this question is that under section 183, the department or agency head is authorized to "award and pay" an amount not exceeding "75 per centum" of what the department or agency head deems to be "just compensation." This provision raises two Fifth Amendment issues: why does the statute authorize the "head of the department or agency [that is responsible for the imposition of secrecy orders]" to unilaterally determine what is "just compensation?" Furthermore, once this "just compensation" figure is unilaterally calculated, does the statute, *prima facie*, unconstitutionally authorize a taking of 25 per centum of this amount that the statute recognizes as "just compensation?"

Prior to addressing these three individual takings questions, a threshold question must first be answered, namely, whether a patent, and more particularly a patent application, is properly classified as a private property right under the Fifth Amendment. After this question has been answered in the affirmative, the several Fifth Amendment questions may be addressed.

A. Are Patent Applications Private Property?

Section 261 of the Patent Act states that "Subject to the provisions of this title, patents shall have the attributes of personal property." Courts have addressed whether issued patents are private property and have generally ruled in the affirmative. There is little or no

77. Id.
78. Id.
79. Id. (emphasis added). Since the department or agency head is authorized to "award and pay an amount *not to exceed* 75 per centum."
80. While a taking also requires that the property be taken for public use, there can be little question that the use of the invention by the government, or the imposition of secrecy to protect national security both qualify as "public use."
81. Grover v. United States, 73 Fed. Appx. 401, 404 (Fed. Cir. 2003)(noting that "[a] threshold test for evaluating a takings claim is to determine whether the claimant has a property interest in what he has allegedly lost." (quoting Conti v. United States, 291 F.3d 1334, 1339 (Fed. Cir. 2002)).
question that an issued patent is a property right within the meaning of the Fifth Amendment. However, while these cases are instructive, they are not directly applicable to the subject of secrecy orders since secrecy orders apply to patent applications, not to issued patents.84

Courts have not conclusively ruled on this question to date. However, it is clear that patent applications are considered private property to at least some degree.85 For example, the Code of Federal Regulations and the United States Code discuss the alienability of rights in a patent application.86 While the ability to assign rights to a patent application suggests a private property right, it is known that one can assign rights that do not yet exist; e.g., assigning rights to payment under a contract or in a tort case. Notwithstanding this fact, the Regulations discuss the “transfer...of its right, title and interest in a...patent application.”87

The Regulation could read “right, title or interest in a.” This would support the argument that the Regulation is referring to patents and trade-

n.3 (Fed. Cir. 1983)(stating "[t]he patent right is but the right to exclude others, the very definition of 'property.'"); Exxon Chem. Patents v. Lubrizol Corp., 935 F.2d 1263, 1268-1269 (Fed. Cir. 1991)(asserting that the 1952 Patent Act resolved conflicting precedent by defining patents as personal property)(vacated and remanded on other grounds by 137 F.3d 1475 (Fed. Cir. 1998)); Patlex Corp. v. Mossinghoff, 758 F.2d 594, 599 (Fed. Cir. 1985)(stating that "[I]t is beyond reasonable debate that patents are property...patent property rights...fall squarely within both classical and judicial definitions of protectable property."); Leesona Corp. v. United States, 599 F.2d 958, 966-69 (Ct. Cl. 1979)(affirming that patents are property and therefore subject to the principles of eminent domain). Johnson & Johnson, Inc. v. Wallace A. Erickson & Co., 627 F.2d 57, 59, (7th Cir. 1980) (stating that “[t]he seventeen-year exclusion is a...property right...of which the patentee cannot be deprived without due process of law.”); Nickola v. Peterson, 580 F.2d 898, 914 (6th Cir. 1978)(stating that “[t]he patent right, solely that of excluding others, is the fundamental element of all human rights called "property."); Beasley v. Avery Dennison Corp., 2006 U.S. Dist. LEXIS 18862 (D. Tex. 2006)(defining patents as “personal property”); Transparent-Wrap Machine Corp. v. Stokes & Smith Co., 329 U.S. 637, 643 (1947)(asserting that “[a] patent is a species of property.”); James v. Campbell, 104 U.S. 356 (1881)(stating that a “...patent...confers...an exclusive property in the patented invention”). Cammeyer v. Newton, 94 U.S. 225, 226 (1876)(stating that “[a patent holder’s rights are] as much entitled to protection as any other property’’); Consol. Fruit-Jar Co. v. Wright, 94 U.S. 92, 96 (1876)(stating that “a patent for an invention is as much property as a patent for land.”).

84. 35 U.S.C. § 181 (stating that the Commissioner shall withhold publication of the application or grant of a patent on a patent application in condition for allowance if national security requires).


86. 35 U.S.C. § 261 (stating “Applications for patent...or any interest therein, shall be assignable in law...The applicant...may...grant and convey an exclusive right under his application for patent...”). 37 C.F.R. § 3.1 (2006) (stating “Assignment means a transfer by a party of all or part of its right, title and interest in a patent, patent application, registered mark or a mark for which an application to register has been filed.”)(emphasis in original); Figueroa v. United States, 57 Fed. Cl. 488, 502-503 (Ct. Cl. 2003)(stating that “the fee associated with ‘recording each assignment, agreement or other paper relating to the property in a patent or application’”)(quoting 37 C.F.R. § 1.21 (2006))(emphasis added).

87. 37. C.F.R. § 3.1.
marks when the words "right" and "title" are used. "Interest" then could be read as referring to a patent application. However, this interpretation would be inconsistent with the plain language of the statute, which strongly implies that "right" and "interest" modifies all types of intellectual property listed: "patents, patent applications...," etc. If this interpretation of the statute is correct, then an assignment of a patent application is a real transfer of property in the traditional sense, not some future or conditional transfer of rights. This interpretation is consistent with the plain meaning of the statute. Furthermore, a patent application that is never allowed does not contradict this reading; the 'rights' and 'title' transferred were valid transfers. The problem is that there were no rights and the title is basically of no value.

If property rights exist in patent applications, at what point in the application process do property rights accrue to the owner or assignee?

In Figueroa v. United States, the Federal Court of Claims considered whether the plaintiff possessed a property right in an issued patent for purposes of the Fifth Amendment. The court discussed patent applications and asserted that "...property interest in a patent accrues only after it has satisfied all mandatory conditions. Prior to that...[an applicant] does not have a recognizable property interest..." Perhaps the court meant this statement to apply to any patent application that has not yet issued as a patent. However, the language is imprecise; a patent application under secrecy orders that would issue "except...for" the secrecy orders has satisfied all of the mandatory conditions: utility, novelty, nonobviousness, and so forth.

Looking back to the facts of Figueroa, Figueroa did not satisfy the conditions of the patent system; he had not paid the requisite maintenance fees. The court's determination that the owner of a patent application has no preexisting property right until all of the requirements are met was retroactively applied. Therefore, the patent grant was terminated. So, Figueroa may be instructive, but it too is not conclusive unless the absence of secrecy orders is viewed as a pre-existing require-
ment of the patent system.\textsuperscript{95}

If the absence of secrecy orders is a condition precedent, then a patent application under secrecy orders has not fulfilled all of the mandatory requirements of the patent system. In such a case, it would seem that Figueroa should apply and that an applicant has no Fifth Amendment claim.\textsuperscript{96}

This is difficult to accept because the patent applicant has satisfied the mandatory requirements of the patent act; it is conditions out of his control that prevent the grant of a patent.\textsuperscript{97} It is the government that refuses to allow the patent to issue; not a failure on the part of the applicant. Courts have not addressed this problem directly, but have recognized that the applicant should not be penalized for events beyond his control.\textsuperscript{98}

Of the other main categories of intellectual property, trade secrets are the most similar to patents.\textsuperscript{99} Trade secrets may cover an invention, not simply an expression of an invention or a source of an invention.\textsuperscript{100}

The Supreme Court has said that trade secrets are property within the meaning of the Fifth Amendment.\textsuperscript{101} The Court cited several aspects of trade secrets that dictated this finding.\textsuperscript{102} First, trade secrets are assignable.\textsuperscript{103} Second, trade secrets can form the \textit{res} of a trust.\textsuperscript{104} Finally, trade secrets may be transferred to a trustee in bankruptcy.\textsuperscript{105}

\textsuperscript{95} Some suggest that the Patent Act should be rephrased to codify the view that the absence of secrecy orders is required for the patent to issue. Hausken, \textit{supra} note 1, at 254 (proposing that "[The Invention Secrecy Act] should be viewed as a condition precedent to the issuance of the patent."). Then, this requirement would apply to each application and would be viewed as another requirement of the patent system as explained above.

\textsuperscript{96} \textit{Figueroa}, 57 Fed. Cl. at 505 (issuing summary judgment disposing of the plaintiff's Fifth Amendment claim).

\textsuperscript{97} 35 U.S.C. \textsection 183 (limiting the time period at which compensation may be sought to the point in time that "[the application is in condition for allowance] except for [the secrecy orders]").

\textsuperscript{98} See \textit{e.g.} \textit{Am. Tel. & Tel. Co.}, 231 Ct. Cl. at 370 (stating that "it was not plaintiffs' own actions which produced a 22-year delay [from the time that the application was in condition for allowance to the time the plaintiff filed suit]," suggesting that courts will have less patience for a delay caused by the plaintiff/inventor).

\textsuperscript{99} See Hausken, \textit{supra} note 1, at 231-233 for a discussion on trade secrets and whether or not a trade secret may be classified as property for Fifth Amendment analysis.

\textsuperscript{100} Copyrights and trademarks, respectively.


\textsuperscript{102} \textit{Id.}

\textsuperscript{103} \textit{Id.} at 1002 (citing Dr. Miles Medical Co. v. John D. Park & Sons Co., 220 U.S. 373, 401-402 (1911)); \textit{Painton & Co. v. Bourns, Inc.}, 442 F.2d 216, 225 (2nd Cir. 1971)).

\textsuperscript{104} \textit{Id.} (citing \textit{RESTATEMENT (SECOND) OF TRUSTS \textsection 82, Comment e (1959)}, which reads "[a] trade secret can be held in trust.").

\textsuperscript{105} \textit{Id.} (citing \textit{In re Uniservices, Inc.}, 517 F.2d 492, 496-97 (7th Cir. 1975))(evaluating the debtor's trade secrets as to whether their secrecy was complete and therefore constituted property of the debtor).
Patent applications, like trade secrets, are assignable. Patent applications can form the res of a trust. Also, patent applications may be transferred to a trustee in bankruptcy. So, three of the reasons cited by the Supreme Court as proof that trade secrets are personal property also apply to patent applications.

Still, some scholars feel that there are no true property rights in patent applications until a patent issues. Lanjouw asserts that any "taking" of a patent application (by imposition of secrecy orders) is "prospective" since "the property rights in question do not yet exist." Hausken also believes that no property rights exist until a patent issues.

While a patent applicant does not have the power to enjoin others from practicing his invention until his patent issues, the power to prevent others from receiving patent protection may exist from the moment the patent application is filed. So, there is some statutory exclusivity that results when a patent application is filed. This is minimally persuasive. However, trade secret law provides a much more compelling argument and proves that a patent application is personal property for purposes of the Fifth Amendment.

Hausken actually looks to trade secret law and the Ruckelhaus case and cites both as proof that patent applications are not private property. Hausken noted that the Ruckelhaus court had limited its holding to those cases in which "federal law created an expectation that [an] agency would keep the data confidential." Hausken later asserts that the protection under Ruckelhaus (i.e. Monsanto) ceases when a patent applicant decides not to keep his invention secret and applies for a pat-
When the applicant voluntarily applies for a patent, he does so knowing that the patent will eventually publish and the invention will thereby be disclosed to the public. Hausken writes, however, that if a patent application is submitted with an "express guarantee of confidentiality," then the protection afforded by *Ruckelhaus* would apply to a patent application under secrecy orders.

Hausken’s reasoning is flawed for one simple reason; patent applications *are* submitted with an express guarantee of confidentiality. This expectation generally lasts at least 18 months (at which time a patent application is published), or until issuance of a patent if a non-publication request is filed with the patent application and no foreign filing occurs. If secrecy orders are in place, then that expectation of secrecy would not only continue, it justifiably would be greater. After all, the applicant is barred from disclosing the subject matter of the patent application; a restriction that does not usually apply to a patent applicant. As such, the government also may not disclose the subject matter of the patent application for the same period of time. It should be noted that it is quite common in certain ‘hi-tech’ industries for companies to apply for a patent with a non-publication request and to maintain the invention as a trade secret until the patent issues or the company decides to file a foreign patent application. In such a scenario, the confidential patent application may be abandoned prior to allowance and the trade secret may be kept confidential indefinitely.

Therefore, Hausken’s understanding of *Ruckelhaus* dictates that patent applications are afforded the protection of *Ruckelhaus*, contrary to the conclusion reached in the article. In fact, though Hausken expressly states a contrary rule, the reasoning supports this author’s analysis.

For these reasons, this author believes that a court considering this issue for the first time will hold that patent applications are private personal property for purposes of the Fifth Amendment. A contrary holding would require the overruling of *Ruckelhaus*.

Assuming that a court finds that a patent application is property

115. *Id.* at 234.
116. *Id.* at 240-41.
117. *Id.* at 240.
118. 35 U.S.C. § 122 (2006) (stating that “applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner”)(emphasis added).
119. *Id.*
120. Hausken, supra note 1, at 240.
within the meaning of the Fifth Amendment, the compensation provi-
sion\(^\text{121}\) of the Invention Secrecy Act,\(^\text{122}\) as well as the other limitations
imposed by the Invention Secrecy Act, must comply with the safeguards
included in the Fifth Amendment.

Returning now to the hypothetical case of Inventor, can Inventor
seek compensation for the loss of foreign filing rights due to the delay of
the secrecy orders?

**B. Lost Foreign Filing Rights Due to Foreign Filing Restrictions**

Under the Paris Convention, a utility patent application applicant
has a one-year grace period within which to file a foreign patent claim-
ing priority from a parent patent application.\(^\text{123}\) This grace period lasts
six months for design patent applications.\(^\text{124}\)

Inventor has lost the ability to file for patent protection interna-
tionally. These lost filing rights were the direct result of the govern-
ment’s imposition of secrecy orders, thereby prohibiting inventor from
filing any foreign patent applications.\(^\text{125}\) Were Inventor’s foreign filing
rights “taken” in violation of the Fifth Amendment?

Congress recognized that foreign filing rights may be lost when
secrecy orders are imposed, but intended for those losses to be compen-
sated under section 183.\(^\text{126}\) So, the question is not whether these losses
have occurred, but rather whether Inventor will be adequately compen-
sated for this loss. This issue is discussed below.

**C. Lost Commercial Gain Due to Obsolescence**

As with lost foreign filing rights, the issue to consider when ad-
dressing Inventor’s lost commercial gain is whether Inventor will be
adequately compensated for his damages. Calculating a figure that
represents lost commercial gain due to obsolescence and inability to li-
cense an invention will be impossible to accurately and concretely quan-
tify. Therefore, Inventor’s commercial losses will likely never be com-
ponsated. This issue is more apparent when considering “just
compensation.”

\(^{121}\) 35 U.S.C. § 183.
\(^{123}\) Paris Convention, art 4, C, 1.
\(^{124}\) Id.
\(^{126}\) Sen. Rpt. 82-1001 at 1324.
IV. "JUST COMPENSATION" UNDER SECTION 183 OF THE INVENTION SECRECY ACT

Section 183 of the Invention Secrecy Act authorizes the head of the agency or department that initiated the secrecy orders to enter into negotiations "in full settlement for the damage [caused by the imposition of secrecy orders] and/or use [of the invention by the government]."[127] In the event that "full settlement of the claim cannot be effected," section 183 provides that Inventor will be paid based upon what the head of the department or agency considers "just compensation" for the damage and/or use.[128]

The statute is silent as to how "just compensation" should be calculated, but it seems from the statute that such a calculation is made solely by the department or agency that was responsible for the secrecy orders in the first place.[129]

Why does this statute ignore inventors' rights to fair and just compensation by authorizing the department or agency head to assign a value representing "just compensation?"[130] Some may fear that a figure representing "just compensation"[131] may be artificially lowered by the department due to budgeting constraints or other considerations.

Therefore, while on its face the statute uses the phrase "just compensation,"[132] it is at least at issue whether or not the figure assigned will truly represent "just compensation."[133]

A. 75 Per Centum of "Just Compensation"

Notwithstanding the method of determining what constitutes "just compensation," discussed supra, and assuming that the compensation owed Inventor as determined by the department or agency is just,[134] section 183 authorizes the agency to pay "a sum not exceeding 75 per centum," i.e., to withhold 25 per centum of this figure.[135] Not only is this

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128. Id.
129. Id. (allowing payment of "the sum which the head of the department or agency considers just compensation"). Even if the head of the department or agency bases this figure upon the prior negotiations with the applicant, the statute authorizes the head to assign this figure without the approval of any other entity. Id.
130. Id.
131. Id.
133. Id.
134. This author has doubts as to whether such figure will (or even can) be "just" as contemplated by the Fifth Amendment.
135. Id.
taking possible, it is mandated by the statute! Without reading any further, 35 U.S.C. § 183, on its face, allows for a taking of personal property without just compensation in direct violation of the Fifth Amendment. Congress worked around this obvious problem by allowing a dissatisfied claimant to “bring [a post-deprivation] suit against the United States in...court...for an amount which when added to the award shall constitute just compensation...”

The Supreme Court has said that post-deprivation judicial or administrative review satisfies Due Process requirements as long as the proceedings are “meaningful and fair.” Will a claimant seeking to quantify “just compensation” under section 183 receive a “meaningful and fair” trial?

B. Why Does Section 183 Mandate This Procedure

The legislative history of section 183 and the statute itself are silent as to any possible justification for requiring a displeased claimant to go to court to receive the remaining 25 per centum of the owed “just compensation.” Had the statute mandated that the department or agency “award and pay a sum the head or agency considers just compensation,” and then allow a displeased claimant to seek judicial review of that amount, then perhaps there would not exist such a staring question. Such a statute, on its face at least, would require the department or agency to pay the complete amount it ostensibly owes the claimant.

136. Id. (setting limits on the compensation by stating that the Head “may pay...a sum not exceeding...”).
137. Id. (emphasis added).
139. The entire legislative history of the Invention Secrecy Act is not readily available. However, it appears that hearings lasted “a day or less.” Hausken, supra note 1, 209-13 (1988). Discussion in those hearings covered the types of damages that could be recovered and the burden of proof required. Id. Apparently, the exact extent of what damages can be recovered and the burden of proof were never clearly answered. Id.
141. Id.
The statute\textsuperscript{142} as written, however, allows a portion\textsuperscript{143} of "just compensation" to be withheld. This forces a claimant, in pursuing the balance of what is statutorily recognized as just compensation, to spend a considerable amount of time and money in the courts\textsuperscript{144}. One does not have to be a skeptic to view this provision as little more than a liquidated damages provision, but one subject to reimbursement if the claimant has the patience, the money, and the evidence required to outlast the United States in court\textsuperscript{145}.

While the Supreme Court has never explicitly stated what the proper standard of review is for a takings claim, the Court has said that 'public use' is reviewed under the rational-basis review standard\textsuperscript{146}. Congress, in codifying what appears to be no more than a penalty, fails to meet even this standard\textsuperscript{147}.

There is only one other provision in all of federal law that codifies a similar compensation scheme.\textsuperscript{148} 50 U.S.C. § 82 codifies certain war powers of the United States\textsuperscript{149}. Interestingly, this provision has not been amended or otherwise addressed since 1917\textsuperscript{150}. Since the statute covers commandeering of material for war, it would seem unlikely that the statute will receive any attention for at least the foreseeable future. Therefore, this statute provides little or no guidance since, in addition to the lack of Congressional interest in the statute, there are no recent cases

\textsuperscript{142} Id.
\textsuperscript{143} 25 per centum.
\textsuperscript{144} 35 U.S.C. § 183. There are, of course, no guarantees in the courts.
\textsuperscript{145} Provided one can overcome the evidentiary hurdles that await the claimant in court, as discussed earlier. Furthermore, it is important to note that even if the plaintiff wins, a successful plaintiff will not recover litigation costs. Weiss, 146 F. Supp. 2d at 125 (citing Constant v. United States, 1 Cl. Ct. 600, 608 (Ct. Cl. 1982)).
\textsuperscript{147} Cf id. (Comparing the standards of review applicable to equal protection analysis and to takings analysis). If the statute, etc. favors one side over the other, it fails this standard of review. Id.
\textsuperscript{148} E.g., a certain amount is determined to be 'just compensation,' and if the original owner disputes the amount offered, a suit may be brought to recover the remainder of what the original owner believes he is owed.
\textsuperscript{149} Whenever the United States shall cancel or modify any contract, make use of, assume, occupy, requisition, or take over any factory or part thereof, or any ships or war material, ... it shall make just compensation therefor, to be determined by the President, and if the amount thereof so determined by the President is unsatisfactory to the person entitled to receive the same, such person shall be paid fifty per centum of the amount so determined by the President and shall be entitled to sue the United States to recover such further sum as added to said fifty per centum shall make up such amount as will be just compensation therefor...
\textsuperscript{150} 50 U.S.C. § 82 (2006)

The year in which the statute was enacted. 39 Stat. 1192 (March 4, 1917, ch. 180).
that address or even cite this statute.\textsuperscript{151}

\textit{C. Judicial Review of the Section 183 Compensation}

Historically, plaintiffs pursuing judicial review of administrative compensation under section 183\textsuperscript{152} have not fared well. If an inventor exhausts his administrative remedies and complies with the statute of limitations, the greatest challenge to overcome in a suit under section 183 is evidentiary.\textsuperscript{153} How does a claimant procure and show evidence of damages? As discussed above, it is difficult for an Inventor to quantify damages due to lost foreign filing rights and loss of commercial gain.\textsuperscript{154}

These issues were addressed in \textit{Constant v. United States},\textsuperscript{155} in which the plaintiff brought suit against the U.S. for five different types of damages.\textsuperscript{156} The court dismissed three of Constant’s claims: the claim for lost profits, the claim for “out-of-pocket business losses,” and the claim for damages for interference with his right to compete for failing to prove actual damages.\textsuperscript{157}

The court also dismissed Constant’s claim for damages resulting from the delays in filing foreign patent applications.\textsuperscript{158} The court ruled that these delays also did not constitute actual damages.\textsuperscript{159}

Finally, the court also dismissed Constant’s claim for damages resulting from his attempts to have the secrecy orders rescinded.\textsuperscript{160} The court noted that “the Secrecy Act does not allow recovery of litigation expenses.”\textsuperscript{161}

\begin{itemize}
\item 151. 50 U.S.C. § 82 was last cited in a case in 1941. United States v. International Brotherhood of Teamsters, etc., 118 F.2d 684, 689 (2nd Cir. 1941).
\item 152. 35 U.S.C. § 183.
\item 153. This problem was recognized by Congress and apparently left to the courts to solve. Hausken, supra note 1, 210-13.
\item 154. Obviously, these (prospective) gains are entirely speculative and are likely impossible to prove in court.
\item 155. \textit{Constant}, 1 Cl. Ct. at 600.
\item 156. \textit{Weiss}, 146 F. Supp. 2d at 125 (citing \textit{Constant} and explaining Constant’s five claims of damages: “(1) profits lost as a result of interference with business opportunities; (2) expenses incurred in attempts to obtain rescission of the secrecy order; (3) out-of-pocket business losses; (4) damages for interference with [his] right to compete in the [relevant] market; and (5) damages resulting from delays in filing foreign patent applications”).
\item 157. \textit{Id.} (citing \textit{Constant}, 1 Cl. Ct. at 602).
\item 158. \textit{Id.} (citing \textit{Constant}, 1 Cl. Ct. at 609).
\item 159. \textit{Id.}
\item 160. \textit{Id.} (citing \textit{Constant}, 1 Cl. Ct. at 608).
\item 161. \textit{Id.} As an aside, one may wonder how a ‘just and fair’ compensation provision can disallow litigation expenses when such expenses are required by the statutorily-mandated compensation process (for dissatisfied claimants).
\end{itemize}
It is important to note that a plaintiff suing under section 183\textsuperscript{162} has (or had) a patent application in a technology that "impact[s] national security."\textsuperscript{163} Therefore, it likely will be difficult to conduct the type of discovery and hold to be so important.\textsuperscript{164} The branch of government dealing with such technology will likely resist discovery.\textsuperscript{165} After all, the records dealing with any technology pertinent to a suit under section 183\textsuperscript{166} will likely be classifiable at some security level.\textsuperscript{167}

While courts have noted that the government must fairly compensate a claimant,\textsuperscript{168} courts will not allow pre-trial discovery to jeopardize national security.\textsuperscript{169} In some cases, a claimant may rely on the in camera review\textsuperscript{170} of the government's evidence, presented by the government, to show that the government did not comply with the statute.\textsuperscript{171} Whether or not this process will provide a fair result is purely speculative\textsuperscript{172}. One thing is certain, such in camera proceedings are unlikely to get judicial or scholarly review since the details of the proceedings are likely to remain secret.\textsuperscript{173}

Outside of the evidentiary procurement problems some claimants

\textsuperscript{162}. 35 U.S.C. § 183.
\textsuperscript{164}. See Halpern v. United States, 258 F.2d 36, 44 (2nd Cir. 1958)(allowing an in camera trial if it could be carried out without harming national security); Clift v. United States, 597 F.2d 826 (2nd Cir. 1979)(upholding the lower court's denial of the motion to compel production for reasons of national security, but ruled that in camera production may be an option).
\textsuperscript{165}. Id.
\textsuperscript{166}. 35 U.S.C. § 183.
\textsuperscript{167}. This is particularly true if the suit is brought under the first procedural option under Section 183, i.e. the secrecy orders are still in effect. Even if not, why would a department want to subject itself to a judgment? Perhaps that technology is more important than previously thought (and therefore merits a higher security level than thought before the suit was filed).
\textsuperscript{168}. Farrand, 175 F.Supp. at 250 (noting that "the necessity for secrecy must not be so emphasized as to defeat the purpose of the state to encourage and protect inventors in their property") (citing Halpern, 258 F.2d at 37).
\textsuperscript{169}. See Halpern, 258 F.2d at 38 (allowing "Trial in camera, in which privilege relating to state secrets may not be availed of by government, is permissible in suit under 35 U.S.C. § 183 if, in judgment of district court, such trial can be carried out without substantial risk that secret information will not be publicly divulged." Therefore, if the government believes that a substantial risk exists, the trial in camera will not proceed); and see Clift, 597 F.2d at 826 (Denying the motion to compel discovery, and ordering the district court to conduct an in camera trial if it could be done without jeopardizing national security), dissm'd Clift v. United States, 808 F. Supp. at 101.
\textsuperscript{170}. Id.
\textsuperscript{171}. Meaning, the government did not adequately compensate the claimant under 35 U.S.C. § 183. Sometimes, the inventor will not even be allowed to participate in an in camera review of the evidence. See Hausken, supra note 1, at 228 (citing Clift, 597 F.2d at 830, in which the court noted that "in camera discovery would be futile.").
\textsuperscript{172}. Will the government produce evidence that shows it did not fairly compensate the claimant?
\textsuperscript{173}. Therefore, public access to proceedings or holdings thereof is unlikely.
face, quantifying the damages incurred is a similarly difficult task. Imposition of secrecy orders will likely result in losses, e.g. lost foreign and domestic opportunities. Even when these damages exist, they may be impossible to prove or to adequately show. In proceedings under section 183, courts require a concrete showing of any claimed damages. While requiring a concrete showing of damages is certainly fair, there are losses that cannot be shown, quantified, or even known, that directly result from governmental interference. While this author recognizes and affirms the policy motivations behind such a requirement, these motivations should be addressed by the statute or otherwise addressed at the judicial review stage.

Instead, losses are incurred by inventors for which “just compensation” is never received.°

V. FINAL THOUGHTS

There is little question that the public benefits from secrecy order legislation. While the patent grant is part of the quid pro quo of the patent system, and the exercise of a constitutional power of congress, national security must not be set back to advance the ‘state of the art.’ Perhaps an occasional inventor must be set back instead of national security. While it would be ideal for the inventor and national security to avoid setbacks, this is not a perfect world.

While a recognition of facts on the ground may dictate such an

175. Weiss, 37 Fed. Appx. at 523-524 ("The court does not allow purely speculative damages but ... requires real concrete evidence of damages.") (quoting Lear Siegler, Inc. v. United States, 225 Ct. Cl. 663, 665 (1981) and citing Constant v. United States, 617 F.2d 239, 244 (Ct. Cl. 1980)); Lear, 225 Ct. Cl. at 665 (denying summary judgment for plaintiff even as to liability on the ground that “Section 183 requires plaintiff prove an injury and damages.”); Weiss, 146 F. Supp. 2d at 126 (remanding the question of whether the plaintiff could show damages caused by the imposition of a secrecy order for further proceedings since [Plaintiff's] petition [did] not allege any potential commercial use of the [invention]...if such non-government use can be established, as required by § 183, damages flowing from the secrecy order may conceivably be recovered." (quoting McDonnell Douglas Corp. v. United States, 670 F.2d 156 (Ct. Cl. 1982)).

176. Of course, the effects of secrecy orders may have some positive repercussions as well. For example, the patent term is extended during the period of time the secrecy orders are in effect. 35 U.S.C. § 154. So, if the government is using the invention during this period of time, the inventor will basically have free monopoly time outside of the patent term since only the government will know about the invention. Hausken, supra note 1, at 242 ("During [this] period...the inventor can profit by marketing the invention to the government...[t]he truly successful inventor may actually profit from the imposition of secrecy orders."). After the secrecy orders are lifted, the inventor’s patent term will begin and his ability to exclude others will continue for the full patent term. Id.

177. U.S. CONST. art. 1, § 8, cl. 8 (granting Congress the power to award “inventors the exclusive right to their...discoveries”).
undesirable outcome; i.e., that some inventors cannot (and therefore will not) be adequately compensated; Congress could drastically improve the compensation scheme by eliminating the “75 per centum” language from 35 U.S.C. § 183. Such an amendment would not discourage inventors from entering into meaningful negotiations since inventors are already motivated to settle without the threat posed by this provision (by the instant gratification of ‘cash in hand’ and the threat of pending litigation costs).

Congress should address this inadequacy of the Patent Act to ensure that inventors, who concern themselves with advancing these arts so vital to our survival, are compensated fairly and expeditiously for their work. While the interests of the public must prevail at times, the private individual should be treated fairly as long as such treatment is possible. A properly reworded section 183 could accomplish this goal without affecting national security.

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