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PATENTS — TRADE SECRETS — TECHNICAL DATA USE AND MISUSE BY THE U.S. GOVERNMENT

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BACKGROUND

CERTAIN TYPES of inventions lend themselves readily to a choice of the mode of protection which can best be obtained for them. The owner of an invention for a process, method, compound or composition of a matter may choose to protect it either by obtaining a patent thereon, or in lieu thereof, treating the invention as a trade secret. The decision as to which mode of protection is best suited for such type of invention is usually based upon whether the invention is of such character that it would be utilized primarily in manufacture for the United States Government or whether the invention is one which will be utilized mainly in the private sector. The choice must be made because of the possible inadvertent dissemination or publication of a trade secret by the Government and because of the wide differences that exist in the recourse available to the trade secret owner when Government misuse occurs.

It is the intent of this article to limit discussion to that area of trade secrets designated as technical data. Technical data is defined herein as details of secrets of manufacture such as may be contained in, but not limited to, manufacturing methods or processes and treatment and chemical composition of materials that are not readily ascertainable by inspection. This portion of the discussion will be

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The opinions expressed herein are those of the author and do not necessarily express the policies of the Department of the Army.

1. The trade secret concept embraces not only technical data or technical information, but also includes information such as cost and pricing data and customer and subcontractor lists. See Restatement of Torts § 757, comment b at 5 (1938):

b. Definition of trade secret. A trade secret may consist of any formula, pattern, device or compilation of information which is used in one’s business, and which gives him an opportunity to obtain an advantage over competitors who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. It differs from other secret information in a business (see § 759) in that it is not simply information as to single or ephemeral events in the conduct of the business, as, for example, the amount of other terms of a secret bid for a contract or the salary of certain employees, or the security investments made or contemplated, or the date fixed for the announcement of a new policy or for bringing out a new model or the like. A trade secret is a process or device for continuous use in the operation of the business. Generally
limited to that class of technical data for which protection could be obtained either by patent coverage or by treatment as a trade secret.

The United States Government is generally required by law to obtain its supplies by formally advertised competitive procurement, and therefore the Government will try to obtain rights to use technical data for competitive procurement where possible. In addition, the Government may often need more than one source for its supplies for reasons other than price alone. For example, the sole supplier may not be able to meet the delivery schedule, or multiple sources may be necessary to ensure obtaining the item should disaster befall the sole source. Since each disclosure of technical data increases the possibility of misuse and loss of rights, it is obvious that there is a natural

it relates to the production of goods, as, for example, a machine or formula for the production of an article. It may, however, relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.

Secrecy. The subject matter of a trade secret must be secret. Matters of public knowledge or of general knowledge in an industry cannot be appropriated by one as his secret. Matters which are completely disclosed by the goods which one markets cannot be his secret. Substantially, a trade secret is known only in the particular business in which it is used. It is not requisite that only the proprietor of the business know it. He may, without losing his protection, communicate it to employees involved in its use. He may likewise communicate it to others pledged to secrecy. Others may also know of it independently, as, for example, when they have discovered the process or formula by independent invention and are keeping it secret. Nevertheless, a substantial element of secrecy must exist, so that, except by the use of improper means, there would be difficulty in acquiring the information. An exact definition of a trade secret is not possible. Some factors to be considered in determining whether given information is one's trade secret are: (1) the extent to which the information is known outside of his business; (2) the extent to which it is known by employees and others involved in his business; (3) the extent of measures taken by him to guard the secrecy of the information; (4) the value of the information to him and to his competitors; (5) the amount of effort or money expended by him in developing the information; (6) the ease or difficulty with which the information could be properly acquired or duplicated by others.

Novelty and prior art. A trade secret may be a device or process which is patentable; but it need not be that. It may be a device or process which is clearly anticipated in the prior art or one which is merely a mechanical improvement that a good mechanic can make. Novelty and invention are not requisite for a trade secret as they are for patentability. These requirements are essential to patentability because a patent protects against unlicensed use of the patented device or process even by one who discovers it properly through independent research. The patent monopoly is a reward to the inventor. But such is not the case with a trade secret. Its protection is not based on a policy of rewarding or otherwise encouraging the development of secret processes or devices. The protection is merely against breach of faith and reprehensible means of learning another's secret. For this limited protection it is not appropriate to require also the kind of novelty and invention which is a requisite of patentability. The nature of the secret is, however, an important factor in determining the kind of relief that is appropriate against one who is subject to liability under the rule stated in this Section. Thus, if the secret consists of a device or process which is a novel invention, one who acquires the secret wrongfully is ordinarily enjoined from further use of it and is required to account for the profits derived from his past use. If, on the other hand, the secret consists of mechanical improvements that a good mechanic can make without resort to the secret, the wrongdoer's liability may be limited to damages, and an injunction against future use of the improvements made with the aid of the secret may be inappropriate.
reluctance on the part of the owners of technical data to disclose such information to the Government without strict limitations on its use. If efforts to obtain the technical data and rights thereunder fail because of outright refusal or because exhorbitant compensation is demanded by the owner, the Government may obtain the necessary information by reverse engineering, or may purchase the item by the use of a model in conjunction with a performance specification. Reverse engineering should be resorted to by the Government only after outright refusal of the owner to provide the trade secrets and rights thereunder, or to furnish them only for an exhorbitant price. The inability under the law to prevent someone from utilizing or disseminating technical data he obtains by reverse engineering points up sharply the deficiency in this type of owner protection for an invention that could be protected under the patent laws. It would further appear that an invention which is to be utilized mainly or solely by the Government would best be protected by patent coverage rather than by a trade secret for the reason that, if at all feasible, the Government will desire more than a single source for its requirements.

Obtaining urgently needed technical data by reverse engineering is a recognized fact of life, at least as far as the Department of Defense is concerned, as evidenced by the delegations of authority within the Department to approve such action, and the criteria which must be met in order to substantiate the requirement for reverse engineering. The United States Supreme Court has recognized in several decisions the right to copy and sell an item which is unprotected by a patent provided there is no attempt by the copier to palm off his goods as that of the originator. Similarly, the Comptroller General has held that purchase by model and performance specification is permissible. This type of procurement is, in effect, reverse engineering by the successful contractor, in contrast to reverse engineering by Government personnel, to obtain a technical data package suitable for competitive procurement. Since reverse engineering utilizes scarce manpower and valuable time to re-invent that which is already in existence, it is

3. Reverse engineering is that method whereby through inspection, analysis, and empirical reasoning, a process or an item that contains or utilizes technical data may be reproduced by one not originally in possession of the technical data.

4. A performance specification is a description of an item in terms of what the item must do or perform, together with limitations of "form, fit, and function." Thus, the performance specification of a radio transmitter would describe the power requirements, power output, frequency range, weight, size, shape, resistance to shock, temperature and humidity, but not the particular circuits to be utilized.


6. Id.


used very sparingly by the Government. It is ironic that some concerns which engage in reverse engineering in their commercial ventures take a very dim view of Government reverse engineering.

**Remedies Available to the Patent Owner**

The recourse available to a patent owner is limited when his patented invention has been used by or for the Government without his consent.\(^9\) Generally, the Government has the power of eminent domain and may utilize any U.S. patent without the owner's consent.\(^10\) Outside of certain special situations, the only recourse available to the patent owner is a suit in the Court of Claims against the Government for reasonable compensation for such use\(^11\) with reasonable compensation being judicially construed to be a reasonable royalty.\(^12\) The statute does not, however, permit injunctive relief or punitive damages.\(^13\)

A special situation exists where the unauthorized use of a patent has occurred in connection with the furnishing of assistance to foreign governments under the provisions of the Foreign Assistance Act of 1961.\(^14\) Section 606 of this Act provides that the patent owner's exclusive remedy for the unauthorized "practice"\(^15\) of the patented invention is by suit against the Government in a District Court of the United States or in the United States Court of Claims.\(^16\) There have been no reported court decisions under section 606 and only one case of any significance was decided under section 506 of the Mutual Security Act of 1954\(^17\) — the predecessor to present section 606. In *Kaplan v. United States*,\(^18\) the Court of Claims held that in order to recover for the unauthorized use of data in connection with the furnishing of foreign assistance, a charge of data misuse would be proper only where the Government disclosed the data to a foreign government. Curiously, even though a patent was also involved in this case, the court held that the case should be decided under the

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15. "Practice" of an invention has been defined as making, using, and selling. See note 26 infra.
provisions of 28 U.S.C. § 1498 rather than under the provisions of the Mutual Security Act.\(^9\)

Another special situation involves unauthorized Government use of an invention covered by a patent application which would be in allowable status, i.e., a patent application that is in condition for issue as a patent when the final fee is paid, except for the fact that a Secrecy Order has been issued against the application.\(^{20}\) The owner of such a patent application has the choice of bringing suit for compensation for use against the United States either in the Court of Claims or in the District Court in which the claimant resides.\(^{21}\) For a period of six years after the issuance of a patent, this recourse is also available to the owner of a patent which had been the subject of a Secrecy Order during the application stage.\(^{22}\) In both instances, the compensation will be measured from the date of first use of the invention by the Government.\(^{23}\)

Under the Patent Secrecy Act as well as the Foreign Assistance Act, the patent owner not only has the right to bring suit in either the Court of Claims or a District Court, but he also has the right to file an administrative claim with the head of the governmental agency that authorized the use of the invention without the owner's consent.\(^{24}\) In addition thereto, certain specified governmental agencies such as the Department of the Army, Department of the Navy, and the Department of the Air Force have the authority to investigate and settle patent infringement claims against the Government before suit is brought under 28 U.S.C. § 1498.\(^{25}\) It is interesting to note that recourse under 28 U.S.C. § 1498 is available to the patent owner for unauthorized manufacture or use by or for the Government, with no mention being made as to unauthorized disposition or sale of the patented item. In contrast, recovery under the Foreign Assistance Act may be obtained for unauthorized "practice" of the invention within the United States.\(^{26}\) Under the Act, the Government is authorized

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21. Id.
22. Id.
23. Id.
24. Id. See also 22 U.S.C. § 2356(b) (1964).
to sell items and equipment to foreign governments (as by military sales, for example). Any patent infringement that occurs in the sale of such equipment would be covered by this Act which holds the Federal Government liable for unauthorized practice of the invention within the United States. As noted previously, the term "practice" of an invention is described as making, using, or selling. Thus, if a patented item were sold by the Government under the authority of the Foreign Assistance Act27 without permission of the patent owner, the United States would be liable for patent infringement, as this would be a "practice" of the invention. This should be contrasted to the apparent lack of recourse for such an act of infringement under 28 U.S.C. § 1498.

On the other hand, recovery by the patent owner under the Patent Secrecy Act is limited to Government use of the invention, or for damage occurring as a result of the order of secrecy applied against the patent application.28 Other than sale or disposition under the Foreign Assistance Act, the patent owner is left without any recourse against the Government if the only infringing act of the Government is that of sale or disposition of an item embodying the patented invention. Such a situation might arise where the Government made, or had made for it, a patented item and used it under such circumstances that the patent owner no longer had the right to bring suit against the Government by reason of laches and the Government then decided to sell such items as surplus. A very serious question then arises as to whether the patent owner has any recourse against the Government for such unauthorized sale or disposition. Certainly 28 U.S.C. § 1498 is silent regarding such an action. It may be argued that since the Government has the right under the Constitution29 to dispose of surplus property and equipment,30 that the Government would thereby have an implied license to sell if it had an express license to make, have made and use. In other words, the authority and power to sell or dispose of surplus property is an inherent function of government, so that a patent license to the Government to make, have made and use could necessarily imply the right to sell.

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29. U.S. Const. art. IV, § 3.
Trade Secrets — Technical Data

Trade secrets in the form of technical data, on the other hand, generally are protected by common law rather than by statute. However, some states have enacted specific legislation dealing with the theft and embezzlement of trade secrets. It is quite interesting that no federal legislation exists similar to 28 U.S.C. § 1498 to provide recourse to owners of technical data in the event the Government has misused such data. Thus, while the owner of technical data is amply protected by common law and some state statutes against theft or misuse of trade secrets in the commercial sector, the story is completely different when the Government enters the picture so far as misuse of technical data is concerned.

The Federal Government obtains technical data in various ways and with various rights attached thereto. For example, technical data may be received by the Government by virtue of a research and development contract and it may be received with various types of restrictions; the most usual being that the information will not be revealed outside the Government, and that it will not be used for procurement purposes. Additionally, technical data may be received by the Federal Government in the form of a proposal, the intention being that if the proposal is acceptable, a contract will be entered into between the Government and the data owner to conduct research and development along certain lines.

Misuse of technical data by the Government may take one or more of several forms, for example:

(1) Improper disclosure of the technical data to a competitor in an effort to obtain competitive procurement.

(2) Incorporation of the technical data in a report which is disseminated widely and thus goes into the public domain.

(3) Improper disclosure of the technical data to a foreign government.

(4) Use by the Government for in-house manufacture.

31. Six Wheel Corp. v. Sterling Motor Truck Co., 50 F.2d 568 (9th Cir. 1931).

32. See Milgrim, Buss. Organizations — Trade Secrets § 1.10 (Matthew Bender Co. 1968).

33. Such disclosures to foreign governments may be pursuant to an international agreement for data exchange, or the provisions of a cooperative international agreement for research and development, or production. See generally Saragovitz & Dobkin, note 19 supra.
REMEDIES AVAILABLE TO THE OWNER OF TECHNICAL DATA

There are various recourses open to the owner of technical data which has been misused by the Government. They do not, however, compare to the remedy available to a patent owner under 28 U.S.C. § 1498 when a patent has been used by the Government without the owner's consent. It is to be noted, however, that the United States Government does not have the power of eminent domain over technical data that it does over patents.

The remedies available for Government misuse of technical data are as follows:

A. Civil Remedies

(1) Suit can be brought against the Government in the Court of Claims under the Tucker Act. This recourse can be accomplished under three different situations:

(a) A suit brought under the theory of implied contract — when no express contract exists between the Government and the technical data owner to maintain the technical data in confidence, a contract may be implied in fact. Due to the difficulty in adducing evidence to establish a contract implied in fact, however, such suits are not brought frequently, and there has been only one that was successful to date.

(b) A suit brought under the theory of express contract between the Government and the technical data owner — this is possible only where the Government has expressly agreed in a contract to utilize the technical data in a certain manner and has violated the agreement. This situation most often arises when the parties enter into a research and development contract containing data rights clauses requiring that all technical data relating to items or processes developed at private expense shall only be utilized by the Government in a limited fashion. Thus, the Government agrees to use such information in certain ways only, and any use of such information beyond that stated either in the contract or in the restrictive legend accompanying the data becomes a breach of an express contract. More and more government agencies are including such provisions in their contracts, with the result that recourse against the Government for misuse of trade secrets will be more meaningful.

34. See Kostos, Unauthorized Use of Technical Data in Government Contracts: Remedies of the Data Owner, 6 B.C. Ind. & Com. L. Rev. 753 (1965).

(c) A suit based on violation of the due process clause of the Fifth Amendment — where there is no express contract or contract implied in fact, it would seem that the unauthorized use by the Government of a person's trade secret or technical data would violate the Fifth amendment of the Constitution in that it would constitute the taking of property without the due process of law. It could be argued, however, that under the theory of sovereign immunity no suit could be brought against the Government by the owner of technical data because the sovereign has not consented to be sued. However, under the Tucker Act, the sovereign has apparently waived immunity because the Court of Claims has been given jurisdiction to render judgment in any claim against the United States founded upon the Constitution. The unauthorized use of technical data in the absence of either an express contract or contract implied in fact would then be a violation of the Fifth amendment of the Constitution and thus bring such a claim for compensation directly within the jurisdiction of the Court of Claims. 38

(2) Suit can be brought against the Government either in the United States Court of Claims or a District Court of the United States under section 606 of the Foreign Assistance Act of 1961 when a trade secret or technical data has been transferred to the United States Government with certain restrictions and which, in disregard of such restrictions or limitations of use, has been disseminated or revealed by the Government in connection with the furnishing of assistance under the Foreign Assistance Act. The limits of liability were severely restricted by the Kaplan case, however, when the court held that the Government could not be liable because the technical data had not been disseminated or revealed to a foreign government. 39 Strangely, the Act itself contains no such restriction, stating merely that recourse shall be available if the technical information is disclosed by the United States Government. 40

(3) Suit by the data owner against the using contractor might be maintained if it could be proven that the contractor had used the data after receipt of actual notice of misuse by the first recipient (United States Government). It could be argued that it is inequitable to

38. See Spevack v. Strauss, 257 F.2d 208, 210 (D.C. Cir. 1958), wherein the court stated "If the authorized action in this instance does constitute a taking of property for which there must be just compensation under the Fifth Amendment, the Government has impliedly promised to pay that compensation and has afforded a remedy for its recovery by a suit in the Court of Claims."
40. 223 F.2d 1491 (2d Cir. 1955).
permit the contractor to benefit by continuing the use of such technical data.\(^{42}\)

(4) Lodging a protest with the General Accounting Office, the owner alleging that the use of his data for competitive procurement by the Government is without his consent, can result in the procurement action being stopped.\(^{43}\) Sometimes the owner of the data also requests that the technical data be returned to the Government from the prospective contractors\(^{44}\) and that the contract be awarded to the owner of the technical data. This type of relief, however, permits no monetary recoupment — all that can result is that the procurement action is stopped and the contract may be awarded to the owner of the proprie-

\(^{42}\) See Vulcan Detinning Co. v. American Can Co., 75 N.J. Eq. 542, 543–45, 73 A. 603, 604 (1909), where the court stated:

It is further insisted on behalf of the appellant that a complainant is not entitled to an accounting against a defendant for profits made by the latter in the use of a secret process belonging to the complainant, unless such use was made with fraudulent intent; and it is said that no such intent appears in the case . . . .

In our opinion the rule which comes nearest to doing complete justice between the parties to such a litigation as this is that laid down by Lord Westbury in the case of Edelsten v. Edelsten, 1 De G.J. & S. 199, viz., that, so long as the defendant continues the user without notice that in doing so he is infringing upon the rights of the complainant, he is under no obligation to account to the latter for the profits made through such use; but that, if he continues the user after receiving notice of the rights of the complainant, the complainant is entitled to an accounting from him of all profits made by him after receiving such notice. And the reason of the rule would seem to be that, so long as the defendant remains in ignorance of the fact that he is using the property of the complainant, he is innocent of wrongdoing; but, just as soon as he receives notice of the complainant's rights, he becomes a wilful wrongdoer if he persists in such user.

In the present case the proofs do not make it clear that the American Can Company, when they first engaged in the detinning of scrap by the use of complainant's secret process, had knowledge of the fact that they were infringing on the complainant's rights by doing so; . . . but after the complainant filed its bill in this cause, and spread its whole case before the can company upon that pleading, the latter had full notice of the complainant's rights, and, in continuing the user of the secret process after that notice, it became a wilful wrongdoer.

We conclude therefore that the complainant is entitled to an accounting from the can company of all profits made by it through the use of the secret process, from the date of the filing of the bill in this cause up to the time of the taking of the account.

See also Conmar Products Corp. v. Universal Slide Fastener Co., 172 F.2d 150 (2d Cir. 1949).

43. Under the general authority of the Budget and Accounting Act of 1921, the Comptroller General of the United States is authorized to consider and rule upon claims against the Government in procurement matters. This authority has been interpreted to permit the Comptroller General to deal with alleged violations by procurement officials of the statutory and regulatory authority under which they act.

Specifically, federal statutes authorize and require the Comptroller General to render opinions or decisions, in advance, upon request, to the heads of departments and establishments and disbursing officers, 31 U.S.C. § 748 (1964), and to certifying officers, 31 U.S.C. § 82d (1964). Decisions of the Comptroller General also are rendered to claimants who request review or reconsideration of claims against the Government which have been disallowed in whole or in part, and to disbursing and certifying officers who request reconsideration of items for which credit has been disallowed. See Barish Associates, 42 Comp. Gen. 346 (1963); Eagle Crusher Co., 43 Comp. Gen. 193 (1963); Air Craftsman, Inc., 41 Comp. Gen. 148 (1961); Gayston Corp., Comp. Gen. B-143711 (Dec. 22, 1960).

tary data. It is interesting to note that if the contract has already been awarded, the General Accounting Office will not order the contract terminated, but will strongly criticize the government agency involved. Therefore, subsequent to the award, the technical data owner has no other recourse than to bring suit in the Court of Claims. If his rights in the data have not been fully extinguished by being placed into the public domain, the owner has the option of selling his rights in the data to the Government. 45

B. Criminal Proceedings

By statute, 46 any officer or employee of the United States who receives, by virtue of his employment and discloses in a manner not authorized by law, any information protectible by law can be fined up to $1,000 and imprisoned for not more than one year. To date, however, no one has been prosecuted under this statute.

Some agencies of the United States Government are authorized by statute to purchase rights in trade secrets, designs, patents, and copyrights. 47 Those agencies which have such authority use it freely to purchase rights in technical data so that such information may be utilized for procurement purposes or any other legitimate purpose to which the parties agree. The owner’s ability to sell his rights in the data is eliminated.

Once the Government has published or widely disseminated technical data and they become part of the public domain, they lose all value. The only question that then remains is the measure of dam-

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Two other special situations should be noted:

(1) A special situation exists in the case of aircraft or aircraft component designs. The “Air Corps Act” provides that: “Any person who believes that (1) a design developed by him after July 2, 1926, relating to aircraft or an aircraft component, is being used; or (2) an article embodying a design developed by him after July 2, 1926, relating to aircraft or an aircraft component, is being used or manufactured; by or for the United States without just compensation to him from the United States or any other source may, within four years from the date of that use or manufacture, sue in the Court of Claims to recover reasonable and entire compensation.” 10 U.S.C. § 2273b (1964). See Estoppey v. United States, 83 F. Supp. 840 (Ct. Cl. 1949).

(2) Suit may be brought against the United States in the Court of Claims or in any District Court of the United States in the event that the Atomic Energy Commission communicates to any nation any restricted data based on any patent application not belonging to the United States. Before suit is brought, provision is made that the Atomic Energy Commission may determine the just compensation to be paid by the United States, and if the compensation so determined is unsatisfactory to the person entitled thereto, then such person can be paid 75 percent of the amount so determined and then shall be entitled to sue in the Court of Claims or in any District Court of the United States to recover such further sum which added to the 75 percent will constitute just compensation. 42 U.S.C. § 2223 (1964).

ages — a topic conspicuously absent from the enabling statutes. This is vastly different from the situation of purchasing a license under a patent for future use of the invention. There, the enabling statute may be utilized to purchase a future license under a patent as well as a release for past infringement. Unauthorized use of the patent does not extinguish the rights of the patent owner. However, publication or wide dissemination of technical data extinguishes all rights therein, and the owner thereof is only left with a suit for data misuse to sell to the Government.

Although the Government may take precautions, because of its large scale operations there is always the risk that technical data received by the Government with restrictions against dissemination outside the Government may be inadvertently disclosed to unauthorized recipients. Where, however, the control is no longer in the hands of the Government, precautions are more difficult to obtain. An instance of such is where the Government has properly transmitted technical data to a foreign government for study and evaluation purposes and that foreign government inadvertently releases the data to the private sector. The only recourse then available to the data owner is a suit against that foreign government if their laws permit the action. The other alternative would be to sue the private firm to which disclosure had been made — all suits being brought in the foreign forum, if such actions are permitted by national law.

**Unprotectible Data**

Whenever information which cannot be considered prima facie protectible under the law is submitted to a government agency for the purpose of obtaining a contract from that agency the very real question arises as to what protection, if any, is given such information by the recipient government agency, and also what uses can be made of such information.

The Department of Defense requires that all proposals which are unsolicited must be treated as though the information contained therein was protectible under the law. The proposal must be utilized for evaluation purposes only and is not to be released outside the Government. On the other hand, information contained in a proposal which was solicited by a government agency will be treated in the manner requested by the submitter. In other words, only if the submitter

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48. Smith v. Dravo Corp., 203 F.2d 369 (7th Cir. 1953).
49. See note 32 supra.
attaches restrictive legends to the proposal must such legends be respected, whether or not such information is actually protectible under the law.\textsuperscript{53} The Comptroller General has thus held in one instance that the burden is upon the proposer to protect the information that he has submitted as a result of an informal solicitation and that the absence of any restrictive notice to the recipient government agency leaves that agency free to utilize the submitted information in anyway it sees fit.\textsuperscript{54} This policy obviously treats the owner unfairly. All proposals, whether submitted as a result of either formal or informal solicitation, where no instructions are given as to the proper manner of restricting the use of the data, should be treated in the same manner as unsolicited proposals and automatically be given protection by the recipient. When a proposal is submitted with restrictive legends and it contains information which is not protectible under the law because such information is already in the public domain, the recipient government agency would have the right to utilize any information in the form in which it appears in the public domain for any purpose whatsoever, but it should not utilize the specific word-for-word copy of a proposal which was submitted with restrictions.\textsuperscript{55}

It is also possible that the information submitted in a proposal, based upon either a formal or informal solicitation, is already known to the recipient government agency either by virtue of previous research and development government contracts, or by virtue of government in-house development. Once again the government agency should be free to utilize such information in the form to which it has unquestionable rights, but it should not slavishly copy the information submitted in the proposal.

Unless it is made clear that the Government is entitled to utilize any information for other than evaluation purposes by virtue of its being part of the public domain, previous government contracts, or in-house development, copying and indiscriminate use of information contained in proposals will have the effect of discouraging outside proposals. Whenever the previously known or developed information closely resembles that contained in a proposal, the Government's right to utilize the overlapping information should be clearly and conclusively proven. Then the owner will not get the impression that his information has been copied and utilized by the Government without the right to do so.


\textsuperscript{54} Id.

THE EFFECT OF GOVERNMENT AID

To prevent in-bred and parochial approaches to problems facing the various government agencies it is very important to maintain a free and unfettered flow of ideas and information from the private sector to the Government. To encourage this flow, some government agencies periodically circulate descriptions of problems to be solved and request solutions thereto. For its part, the Department of Defense engages in a program of assisting independent research and development by its contractors and such aid is provided in those instances where the independent research program will be of benefit to the United States Government.

It is interesting to note that present policy provides that the Government obtains no patent or data rights under such “Independent Research and Development” programs. Thus, the information resulting from such programs may contain restrictions upon its use, e.g., the Government may only use the data for information and evaluation purposes. It is difficult to see how such research and development, partially supported by the Government, can be considered as work completed at private expense, so that the data or trade secrets pertaining to items developed under such a program are restricted. The best approach would seem to be that adopted by the Atomic Energy Commission. There, the rights in data developed under independent research and development depend upon the relative financial contributions of the Atomic Energy Commission and the contractor.

In contrast to the view adopted by the Defense Department regarding technical data rights in independent research and development situations is the Department’s position on value engineering clauses in production contracts. Although these clauses permit the contractor to share in cost reductions that result from change proposals he submits, the contractor is required, upon acceptance of his proposal, to grant the Government unlimited use of any technical data reasonably necessary to fully utilize the cost reduction proposal. Therefore, while the contractor shares in the savings that result from his cost

56. For example, the Department of the Army maintains a program on Qualitative Development Requirements Information (Army Regulations 335-15, 600-50, and 705-25). This program provides dissemination of information regarding current and future Army requirements for development of new items, components, materials, or techniques which effect earliest exploitation of new knowledge.
reduction proposal, he must grant the Government the rights in technical data mentioned above. It is interesting to note that while the contractor is required to grant the Government all rights to use for any purpose whatsoever any technical data reasonably necessary to fully utilize the cost reduction proposal, no mention is made in the Armed Services Procurement Regulation concerning what rights, if any, the Government obtains in any patentable inventions that may arise under a value engineering proposal. It may be argued that if the data generated under such a proposal could not be utilized without infringing a patent owned or controlled by the proposer then the Government has an implied license under such patent. This is so because the Government would not be able to utilize the data in the manner intended without possible liability unless it also had a license under any patent that might be granted covering inventive concepts arising from such data.

**CONCLUSION**

Although the recourses available to the owner of technical data are varied in the case of Government misuse of such data, none of these approach the simplicity and directness of the recourse available to the patent owner when his patent has been used by the Government without authorization. With the growing dependence upon trade secret protection in lieu of patent protection, it would appear that a statute similar to that of 28 U.S.C. § 1498, encompassing and giving recourse in cases of unauthorized use or misuse of trade secrets by the United States Government, is definitely needed.