1972

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FOREIGN INTELLECTUAL PROPERTY AND THE UNITED STATES DEPARTMENT OF DEFENSE

Harry M. Saragovitz†
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I. Introduction

The diverse, far-reaching, international activities of the United States Department of Defense since World War II, particularly in the mutual defense field, inevitably have involved the use, manufacture, importation, sale and procurement of equipment incorporating patented inventions, copyrighted material, technical information and other intellectual property. Where such activities involve domestic intellectual property proprietary to either United States nationals or foreigners, sufficient statutory authority exists to permit the Department of Defense to acquire necessary rights or to administratively dispose of any claims arising from unauthorized use of such intellectual property. An aggrieved owner of intellectual property also has recourse to suit against the United States Government in the United States Court of Claims. In cases involving the use of foreign intellectual property, however, the policy and authority for acquiring rights, or for giving administrative consideration to settling such claims is far from clear. Also it is questionable whether any judicial relief is available to the owner of the property.

A great many complex factors enter into any administrative decision to acquire foreign intellectual property rights or to settle claims.

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The opinions expressed herein are those of the authors and do not necessarily express the policies of the United States Government.

for the unauthorized use of such property. National and international political, economic and social factors, which change from day to day and from country to country, may well exert a dominating influence over any legal aspects concerning such matters. In addition, non-legal considerations, such as gold flow restrictions, national security disclosure policies, the good-will of foreign countries and their nationals, military, technological or economic benefits derived by the foreign government by reason of related United States defense activities, and the effect of competition upon the owner of the intellectual property may bear directly or indirectly on the establishment of policy regarding the settlement of foreign claims or the acquisition of rights to foreign intellectual property.

The legal aspects of the use of this property include problems such as the interpretation of foreign patent and copyright laws, the determination of patent and copyright validity, the applicability of international agreements and the extent of liability, if any, under such agreements, the availability of special defenses such as sovereign immunity, and the existence of statutory authority for the use of appropriated funds for the settlement of such claims.

It is the purpose of this article to delve into some of the legal and equitable aspects of United States Department of Defense use of foreign intellectual property and, in particular, to examine precedents established by prior United States Government acquisition of rights to such property; to consider the vulnerability of the United States, its officers or employees to suit in foreign courts; to examine the applicability of international law, treaties and agreements; and to consider the availability of United States statutory authority for the use of appropriated funds to acquire rights to, or settle claims concerning foreign intellectual property.

II. Historical Review of Foreign Patent and Copyright Claims Against the United States Government

Claims previously asserted against the United States Government for the infringement of foreign patents or copyrights may be divided into four categories: (1) patent infringement claims resulting from World War I which were disposed of in accordance with various international agreements, Acts of Congress, etc.; (2) patent infringement claims resulting from World War II which were settled under the old Patent Interchange Agreements; (3) miscellaneous patent

infringement claims not falling within either of the other categories and which were handled administratively; and (4) copyright infringement claims asserted by foreign performing rights societies and administratively settled by the Department of Defense.

A. Claims from World War I

Between 1918 and 1933, claims of patent infringement resulting from World War I were settled under a variety of international agreements and United States statutes, most of which are no longer in effect. Most of the domestic claims were disposed of by 1922.

Prior to 1922, foreign claims of concern to the War Department were handled by the United States Liquidation Commission and other agencies. After the work of these agencies terminated in 1922, the remaining cases, mostly those pertaining to patent claims, were handled by the Commission for Adjustment of Foreign Claims (1922–1924), the War Claims Arbiter (1928–1931) or the Commission for Adjustment of British Claims (1932–1933). Most of these claims involved both United States and foreign patents and the amount of settlement award ranged from a few thousand dollars up to one hundred thousand dollars. No special or unusual legal problems which would be pertinent to present day claims appear to have been involved.

B. Claims from World War II

The United States–United Kingdom Patent Interchange Agreement, as amended March 27, 1946, provided that each Government would indemnify the other for certain patent claims asserted by nationals of the indemnitor government. Thus, claims asserted against the United States by a British citizen for the infringement of either British or United States patents would be settled by the United Kingdom, whereas claims against the United Kingdom by a United States citizen for the infringement of a United States or United Kingdom patent would be taken care of by the United States. The Department of State (Division of Lend Lease and Surplus War Property Affairs)

7. Other vehicles for disposing of these claims were the Commission for Adjustment of Foreign Claims 1922–1924, created by War Department General Order of February 28, 1922 (dissolved June 26, 1924), the War Claims Arbiter 1928–1931, and the Commission for Adjustment of British Claims 1932–1933.
9. See note 4 supra.
was designated as the United States Government agency to deal with the Government of the United Kingdom in the handling of claims coming within the terms of the Patent Interchange Agreement. A United States Interdepartmental Committee, consisting of representatives of the State, War, Navy and Justice Departments was established in May 1946 to assist the State Department in handling claims.

Similar bilateral agreements were negotiated with France, Belgium, Luxemburg and the Netherlands. Under these agreements, the foreign government agreed to assume the obligations of the United States or its contractors with respect to claims of patent infringement or other liability for use of inventions made against the United States by nationals of the respective foreign government. None of the claims processed and settled in accordance with these agreements are of any particular significance. Since they were settled under special international agreements no longer in effect, they establish no precedent for the future settlement of claims except to indicate the general willingness of the United States to settle such claims when equitable and where there is at least some color of legal liability.

C. Miscellaneous Foreign Patent Claims

The patent infringement claims of this category include those asserted against the Department of the Army during the past fifty years which were not handled in accordance with the Patent Interchange Agreements of World War II or in accordance with any of the international agreements of World War I. Without exception, the settlement of claims of this category was strongly opposed by United States Army legal personnel and were denied. These claims were all handled administratively. The following quotations are made from the records of some of these cases to reflect the opinions and comments of those most closely involved in these cases.

In the case of a French citizen who brought a claim in 1953 against the United States Army for alleged infringement of a French patent, the record shows that the claim was denied on the ground that there was no legal basis for settling the claim against the United States for alleged infringement of a French patent. The basis given for this conclusion was that:

[T]he United States could not be sued for such infringement and hence there is no valid legal basis for making any settlement . . . Congress has seen fit to waive the immunity of the United States only in the case of patents granted by the United States. Hence the United States Government is immune from suit for alleged infringement of a French or any other foreign patent . . . [T]here
is no legal basis for settling the infringement claim inasmuch as under the laws of the United States the United States Government is subject to suit for infringement only of patents granted by the United States; and therefore the claim must be denied. 10

In another claim involving a French citizen alleging the infringement of a French patent, the claim was denied with the statement:

If the device for which [the] Captain . . . claims compensation is not patented in the United States he has, of course no legal grounds for prosecuting such a claim and his only possible ground for such a claim would have to be based on some understanding between the two Governments. 11

A case of particular interest is the claim asserted by Elwood Grissinger and his estate for the infringement by the United States of his French patent on a telephone repeater circuit. Over a period of forty years, Grissinger or his estate repeatedly asserted the claim administratively, by several private bills in Congress and by suit in the United States Court of Claims. 12 In each instance his claim for compensation was denied. Grissinger filed a United States patent application on February 20, 1902. On September 12, 1916, Patent No. 1,198,212 was issued to his assignee, the American Telephone and Telegraph Co. who had purchased that application and ten others from Grissinger for the sum of $500,000 on June 3, 1916. In the meantime, a United States Patent No. 847,772, claiming the same invention, was issued to D’Humy in 1907. In 1912 Grissinger requested an interference between his application and the D’Humy patent. Due to Grissinger’s early filing date the interference proceeding was subsequently terminated favorably to Grissinger. In the meantime, Grissinger applied for a French patent on April 18, 1912, and French Patent No. 452,359 was issued on March 15, 1913. Grissinger also obtained patents in Italy, Belgium and Great Britain at approximately the same time. As the result of the ten year lapse between the United States and French filing dates, Grissinger forfeited the benefit of the Convention date of his United States application and the effective date of the Grissinger invention in France was that of his filing date, April 18, 1912. 13

During and immediately after World War I the American Expeditionary Forces had installed a complete new telephone system in

10. Letter from the Chief, Patents Division, Office of The Judge Advocate General, to claimant, June 25, 1953.
11. Fifth indorsement from the Acting Judge Advocate General, War Department, to the Adjutant General, War Department, Oct. 12, 1921.
13. 77 Ct. Cl. at 144.
France for its own use. This system was later extended into Great Britain, Belgium and Germany. In 1919, the United States sold this telephone system to France for approximately $400,000,000 in bonds. Grissinger's claim was based on this sale.

A special jurisdictional act of Congress in April 18, 1924,14 authorized and directed the United States Court of Claims to hear and determine the claim of Grissinger for compensation for any unlawful sale by or for the United States.

Since the French patent system at that time was primarily one of registration, the fact that Grissinger obtained a patent in France did not carry with it a prima facie presumption of validity as does a United States patent. The United States Court of Claims subsequently held that at the time of filing of Grissinger's French application, April 18, 1912, his improved repeater circuit no longer constituted an invention in France since it was completely anticipated by publication of the D'Humy United States patent showing the same circuit in 1907.15 Grissinger's French patent was held invalid insofar as it pertained to this particular circuit. The United States Court of Claims accordingly held that the sale of the United States Army telephone system used in France did not infringe Grissinger's French patent.16

Another case is that of Dr. Schilovsky, a British citizen, who submitted his invention of a magnetic tank compass to the United States Army Ordnance Corps sometime prior to 1944. After extensive trials, the invention17 was rejected as unsuitable for use in United States tanks. However, on April 19, 1944, Dr. Schilovsky wrote to the Army Ordnance Corps in Britain alleging that his patent was broad enough to cover the compasses then in use in United States tanks.

Although the United States Government could have requisitioned license rights under the British patent in accordance with the provisions of the Patent Interchange Agreement then in existence,18 that course of action was considered objectionable for two reasons. First, it would be an admission that the United States Government was liable under the British law for the infringement complained of, and second, if the British paid Dr. Schilovsky for such a license it would charge the United States Government with the amount paid under reverse Lend-Lease.

16. Id. at 157-58.
This case was the first of its kind and it was turned over to the British Ministry of Supply for handling with the indication that the United States Government considered itself free from justiciable liability in the premises. The British Ministry of Supply considered the validity of the patent and came to the conclusion that it was invalid for lack of patentable subject matter. There was also some indication that because of the payment to Dr. Schilovsky from the British Government of an ex gratia award of £500 for his invention, the British Government and through it the United States Government had a royalty-free license. Neither of these avenues of approach, however, appears to have been followed up.

In an Army memorandum of November 23, 1944, a discussion of the interpretation of the Patent Interchange Agreement included the following statements:

The United States Government probably cannot be sued in the courts of the United Kingdom unless it should waive its defense of sovereign immunity. It may be noted, however, that this would not preclude liability from accruing. . . . Assuming the successful interposition of the defense of sovereign immunity, the individual user of the war material, i.e., the soldier who . . . uses the equipment would be liable to the British patent owner for infringement by his use of the patented article. It may be noted, however, that the doctrine of respondeat superior probably could successfully be invoked as a defense to a suit of this nature.

Another instance of recognizing claims of foreign nationals was the settlement of British patent claims in 1932-1933 by the Commission for Adjustment of British Claims. That Commission was established by the Secretary of War under authority of the Dent Act. Section 3 of the Dent Act, approved March 2, 1919, and amended November 23, 1921, reads as follows:

The Secretary of War, through such agency as he may designate or establish is empowered, upon such terms as he or it may determine to be in the interest of the United States, to make equitable and fair adjustments and agreements, upon the termination or in settlement or readjustment of agreements or arrangements entered into with any foreign government or governments or nationals thereof, prior to November twelfth, nineteen hundred

19. Signal Corps Memorandum for the Legal Division, Office of the Chief Signal Officer, Nov. 23, 1944.
and eighteen, for the furnishing to the American Expeditionary Forces or otherwise for War purposes of supplies, materials, facilities, services or the use of property, or for the furnishing of any thereof by the United States to any foreign government or governments, whether or not such agreements or arrangements have been entered into in accordance with applicable statutory provisions; and the other provisions of this Act shall not be applicable to such adjustments.  

That act was construed to be broad enough to cover claims for United States use of British patents, and awards made by the Commission were subsequently paid through appropriations made by Congress.

In a draft report made some years later by a United States Delegation to Consider a United States–United Kingdom Arrangement for the Acquisition of Rights to British Patents, the following comments were made:

But, while provision has heretofore been made for payment of claims of foreign nationals, even though such claims were not of a legal nature, it appears that such provision was specifically made by acts of Congress. They are undoubtedly to be construed as acts of grace by the United States and are in no way to be thought of as narrowing this nation's sovereign immunity.

Thus, while it appears to be the policy of the United States to pay certain claims in foreign countries even though sovereign immunity protects the United States from suit with respect to them, it is believed that it would be unwise for the American members of the Joint Committee to take the position that the Patent Interchange Agreement was executed for that purpose, among others, unless that Agreement, on its face, is so clear as to allow for no other construction. As has been pointed out above, the subcommittee has been unable to find that singular meaning.

In 1956, two claims were asserted against the United States seeking compensation for alleged infringement of Japanese patents. Both of these cases presented the question whether Japanese jurisdiction and patent laws applied to United States use of items covered by Japanese patents within the geographical boundaries of Japan. The claims were denied on the ground that, in view of the United States–Japan Administrative Agreement then in effect, there could be no legal


24. AMERICAN SUBCOMM. WITH RESPECT TO ACQUISITIONS OF RIGHTS TO BRITISH PATENTS FOR AMERICAN ARMED FORCES IN ENGLAND, DRAFT REPORT TO AMERICAN MEMBERS OF THE JOINT BRITISH AMERICAN PATENT INTERCHANGE COMM. (May 7, 1945) (unpublished) (emphasis added) [hereinafter cited as AMERICAN SUBCOMM. REPORT].

foundation on which such claims could be predicated. In a memorandum of November 15, 1956, the Office of the Army Judge Advocate General presented a more detailed analysis of the United States–Japanese Security Treaty and Administrative Agreements with regard to the infringement of Japanese patents. The analysis concluded that:

It was the intent of the parties that the material and equipment which the United States forces imported into Japan pursuant to Japan’s request and for Japan’s security were not to be subjected to any Japanese charges or claims, particularly those to which these items would not have been subject had they remained in the United States. A contrary interpretation would only impede or harass the assistance which had been requested of the United States and would be incompatible with the objectives of the agreements which are concerned with materiel and equipment imported for the official use of United States Forces in Japan. It should be noted in this connection that pursuant to the provisions of the Administrative Agreement materiel imported into Japan by United States Forces in Japan cannot be placed in or interfere with normal Japanese markets.

In view of the foregoing it is concluded that official United States Forces in Japan use of materiel and equipment imported into Japan under the terms of the Administrative Agreement cannot be subjected to a claim for the infringement of rights of a Japanese patentee.  

D. Copyright Claims

Since World War II the United States has maintained armed forces radio–networks in a number of foreign countries and has also sponsored foreign news–information services. As a result of these activities, copyrighted music has been used extensively both in performances limited to United States personnel and in performances or broadcasts intended in part or whole for local nationals. None of these performances were intended to be for profit. In contrast to United States practice, where royalties need not be paid for nonprofit performances, 27 most foreign jurisdictions require payment of royalties for the use of copyrighted music regardless of profit motives. During the 1950s, the performing rights societies in a number of European countries, as well as those in Canada, Iceland and elsewhere, presented claims


26. Memorandum from the Chief, International Affairs Division, Office of The Judge Advocate General, Department of the Army, to the Chief, Patents Division, Office of The Judge Advocate General, Department of the Army, Nov. 15, 1956.

for royalty payments against United States agencies for the use of copyrighted music in their respective countries. They alleged that damages were incurred through the direct competition between United States and domestic commercial broadcasting facilities. In particular, it was alleged that private users of music in those countries were refusing to pay royalties on the ground that competing American installations were not paying royalties.

Considerable soul-searching appears to have been involved in reaching a decision as to whether to recognize the legitimacy of the claims of the Performing Rights Societies and to determine the basis on which such claims could be settled. During the initial stages of these negotiations, there was no statutory authority to use appropriated funds to settle copyright claims. Consideration, however, was given to settling the claims under Article VIII of the North Atlantic Treaty Organization Status of Forces Agreement. The Judge Advocate, Headquarters, United States Army Europe, vigorously opposed any such solution in a letter of March 17, 1955.

28. 10 U.S.C. § 2386 (Supp. V, 1952) formerly provided that:
   Funds . . . may be used to acquire
   (4) Releases, before suit is brought, for past infringement of patents.
The statute was later amended to provide that:
   Funds . . . may be used to acquire
   (4) Releases, before suit is brought, for past infringement of patents or copyrights.
29. 63 Stat. 2245, art. VII (1949). The agreement provides, in pertinent part:
   Each Party declares that none of the international engagements now in force between it and any other of the Parties or any third state is in conflict with the provisions of this Treaty, and undertakes not to enter into any international engagement in conflict with this Treaty.
30. The letter stated:
   As copyright infringement is a tort (citing Feist v. Young, 138 F.2d 972 (7th Cir. 1943)), Article VIII of the NATO Agreement may by its strict terms permit acceptance and processing of copyright claims. However, Article VIII was manifestly intended to cover the conventional type of tort claims, and the available record of the negotiations indicates only claims of that type were considered during the drafting of the agreement. The NATO language, applied to factual situations not foreseen when it was drafted, could lead to, and in some instances has already produced, startling new concepts of United States liability and obligations. It would seem unwise to embrace, much less generate developments along these lines simply because they appear on first impression to be permitted or required by loose phraseology in the NATO Agreement. If the language itself is construed as including copyright infringement claims, it reflects a mutual mistake in the intent of the parties. This situation raises the legal question of whether the Agreement can, by altogether informal methods of application, be given an effect so substantially different from that originally contemplated by the signatories.
   The NATO formula, once applied to copyright infringement, could with equal facility be utilized in the case of patent claims. It is impossible consistently to classify copyright claims as falling within the NATO Provisions and still reject the same classification for patent infringement claims. Yet under the NATO agreement the U.S. could neither apply in fact or principal its own statutory (citing Act of June 25, 1948, 62 Stat. 942, as amended, 28 U.S.C. § 1498 (1970)) or administrative . . . provisions for disposition of such claims against
The various performing rights societies continued to press their claims with vigor by taking preliminary steps for bringing suit in the courts of Germany and Iceland. During the early 1960s, settlement agreements for past use and licenses for future use of copyrighted music were finally negotiated with a number of foreign performing rights societies including those of Canada, France, Iceland, the United Kingdom, Italy, Germany and Spain. These agreements provided for the payment of certain sums for past performance and an annual royalty payable in quarterly installments.31

III. Statutory Considerations

A. 28 U.S.C. §1498

This statute waives United States sovereign immunity against suit for patent and copyright infringement. The liability of the Government under this statute, however, is specifically limited to cases of infringement of United States patents and those works protected under the United States copyright laws, and precludes filing of a suit based on the infringement of a foreign patent or copyright. The fact that foreign patents and copyrights have been excluded from the provisions of this statute has been construed by some persons to be an outright prohibition against claims for the infringement of foreign patents and copyrights regardless of whether they are presented administratively or judicially.32 However, a review of the legislative intent, particularly

the U. S. arising in foreign countries, nor discharge, in view of those provisions, its obligation to dispose of similar claims against foreign NATO forces arising in the United States. The U. S. has an obligation to pay but no authority to determine the number, meritoriousness, extent of damage, or payment of claims against the U. S. under paragraph 5 of NATO Article VIII. If this provision may be applied to copyright infringement, those and patent infringement, highway and other types of damage claims arising in connection with military activities, including procurement, could be filed and paid with mere perfunctory reference to U. S. agencies prior to final establishment of the monetary figure representing the amount of U. S. liability. Claims would be recurring; there can be no estimate of the number of claims for patent or copyright violation or similar claims. The efficacy of patent interchange agreements and protective clauses in offshore procurement contracts and intergovernmental understandings would be imperiled. Requests could be expected for permission to enter U. S. military premises or inspect military equipment to determine the fact and extent of infringements. To grant this permission would invite a security problem, and the alternative of voluntarily furnishing the information sought would in addition to being an administrative burden, be objectionable in that it would be aiding and assisting in the prosecution of claims.

Letter from the Judge Advocate, Headquarters, United States Army Europe, to Chief, Patents Division, Office of The Judge Advocate General, Department of the Army, Mar. 17, 1955.


32. This view was shared by both the Department of State and the Department of Commerce. The former recommended that H.R. 8419 be amended “to remove the
with regard to the simultaneous 1960 amendments to this statute, and
to section 2386 of Title ten, making those sections applicable to copy-
rights as well as patents, casts more than a little doubt on this con-
struction of the statute.

In enacting section 1498 of Title 28, Congress intended to pro-
vide patent owners reasonable compensation for the use of their United
States patents by or on behalf of the Government, while at the same
time to prevent disruption of government procurement activities re-
sulting from disputes or litigation over patents between private parties
and government contractors. Since Congress similarly might have
been concerned with preventing the obstruction of United States Gov-
ernment activities in foreign countries by reason of disputes or litigation
between private parties respecting foreign patents, it could be argued
that the limitation of the right of action in that section to infringe-
ment of United States patents and copyrights indicated a congressional in-
tent to disregard the compensation aspect of the problem and prohibit
consideration of claims under foreign patents for any reason. How-
ever, since that section has been interpreted as an "eminent domain"
statute, it obviously could not have had such an extraterritorial
effect as to enable the United States to acquire foreign property located
outside limits of the United States. Thus, although rights of action
for infringement of foreign patents are precluded, the statute does not
thereby enable the United States to acquire these rights.

B. 10 U.S.C. § 2386

This statute enables the military departments of the United States
to settle claims for past infringement and to purchase licenses under
patents, copyrights, and technical information. The statute does not
specifically limit such authority to United States patents or copyrights
only, but appears to be broad enough to cover foreign patents, copy-

33. See Crozier v. Krupp, 224 U.S. 90 (1912); Regent Jack Mfg. Co. v. United
States, 337 F.2d 649 (Ct. Cl. 1964); Gage v. United States, 103 F. Supp. 1022
(Ct. Cl. 1950); Olsson v. United States, 25 F. Supp. 495 (Ct. Cl. 1938).
34. 10 U.S.C. § 2386 (1970) provides:
Funds appropriated for a military department available for making or procuring
supplies may be used to acquire any of the following if the acquisition relates to
supplies or processes produced or used by or for, or useful to, that department:
(1) Copyrights, patents, and applications for patents.
(2) Licenses under copyrights, patents, and applications for patents.
(3) Designs, processes, and manufacturing data.
(4) Releases, before suit is brought, for past infringement of patents or
copyrights.
rights, and foreign technical data or trade secrets as well. Thus, while the United States has retained its sovereign immunity to suit for infringement of a foreign patent or copyright, through this authorization and enabling statute itself the purchase of rights under a foreign patent or copyright, is not precluded.

However, there has been a general tendency to regard this section as limited by section 1498 of Title 28, or at least to interpret the latter as being a complete prohibition against suits or claims against the United States for the infringement of foreign patents. As a result, there has long been some doubt as to whether funds appropriated for a military department could be used for the purpose of settling administrative claims for the infringement of foreign patents and copyrights. The reasoning behind that opinion seems to be that since section 1498 does not provide for suit based upon infringement of foreign patents or copyrights, a foreign patent or copyright owner has no recourse against the United States, either in this country by reason of section 1498, or in other countries by reason of the sovereign immunity theory. It follows accordingly that there would be no basis for administratively settling a claim of infringement of foreign patents or copyrights by acquiring either a release or a license. However, if, as noted above, section 1498 is viewed as an eminent domain statute, it appears that section 2386 should not be interpreted or limited by that statute, and that we should look elsewhere to obtain a clearer conception of congressional intent insofar as patents and copyrights are concerned.

A review of the legislative history of section 1498 and section 2386 shows that the most recent amendments to both sections were made simultaneously. Section 1498 was amended to provide a right of action against the United States for infringement of United States copyrights and specifically provided that "the provisions of this section shall not apply to any claim arising in a foreign country." The same Act amended section 2386 by merely inserting "copyrights" after "patents" in authorizing the procurement of releases for past infringement of copyrights. It should be noted, however, that although Public Law 86-726 specifically excluded foreign claims under section 1498, there is no such limitation with regard to section 2386, in spite of the fact that both sections were being considered by Congress simultaneously.

37. See note 28 supra.
A report submitted to Congress by the Department of State on June 5, 1958, with respect to one proposal of legislation 38 to amend section 1498 to include copyrights, stated:

The principal purpose of this bill is to provide a remedy . . . for the infringement by the U.S. Government of any work protected under the copyright laws of the United States.

While the effect of the bill would be primarily domestic in character, and therefore not of primary concern to this Department, there is one aspect of the bill which is related to this Department's functions. As the Department understands the bill, if a work is protected under the copyright laws of the United States and is infringed by the United States, the copyright owner can sue the U.S. Government in the Court of Claims or in any district court for damages. There is no indication or suggestion in the bill that such action would not lie if the acts of infringement by the United States occurred abroad. Thus, if this bill were to become law, it might be interpreted as subjecting the U.S. Government to suit if it committed an act, for example, in France, infringing upon a work of a French national which, in addition to having other copyrights, happened to be protected under the U.S. copyright laws as well. The occurrence of such an act is not unlikely in view of the numerous projects of this Government abroad in which infringements might inadvertently take place. In addition, there is an increasing number of foreign works entitled to protection under U.S. law pursuant to the provisions of the Universal Copyright Convention of which the United States is a member. While the Department believes that the United States should respect the property rights of foreign nationals in their copyrighted works and should provide due recompense whenever such rights are utilized, it is questionable whether it is desirable to create a remedy for infringements of foreign rights in the manner set forth by H.R. 8419 . . . . Moreover, the creation of a statutory right of suit against the United States for acts committed abroad in the form and context of H.R. 8419 would open an avenue of legal action which could give rise to further problems in related and similar fields.

For these reasons the Department recommends that H.R. 8419 be amended to remove the possibility of its being interpreted as applying to acts of infringement in foreign countries.39

It might be argued that the canon of construction recited by the Supreme Court in Foley Bros., Inc. v. Filardo40 should be applied to interpret section 2386. In that case, the Court stated:

The canon of construction which teaches that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States is a valid approach whereby unexpressed congressional intent may be ascertained. It is based on the assumption that Congress is primarily concerned with domestic conditions — nothing in the act — nor in the legislative history — would lead to the belief that Congress entertained any intention other than the normal one in this case.  

The legislative history, however, shows that at the time that sections 2386 and 1498 were amended to include copyrights, the problem of foreign claims was specifically called to the attention of Congress, and section 1498 was promptly limited to domestic patents. The fact that Congress did not also limit section 2386 at the same time can reasonably be interpreted to mean that Congress at least did not wish to prohibit settling such claims even though it provided no express authorization to settle.

C. 22 U.S.C. § 2356

The Foreign Assistance Act of 1961 presents one situation where it is possible for a private owner of foreign intellectual rights to sue the United States Government for misuse of foreign technical information. The statute sets forth four requirements which must be satisfied: (1) the information allegedly misused must be “protected by law;” (2) the information must be held by the United States Government “subject to restrictions imposed by the owner;” (3) the information must be disclosed by the United States Government “in violation of such restriction;” and (4) the disclosure must be “in connection with the furnishing of assistance” under the Foreign Assistance Act. It should be noted that this statute limits recovery to infringement of a United States patent, and to unauthorized use of technical information. The technical information must be “protected by law,” but the statute does not specifically state under what law, or whether the technical information must have originated in the United States and be protectable under United States law. It could be argued that “protected by law” must be construed to mean United States law in view of the above mentioned case of Foley Bros., Inc. v. Filardo. However, since the statute was intended to compensate owners of intellectual property used without proper authority by the United States in

41. Id. at 285 (citations omitted and emphasis added).
44. 336 U.S. 281 (1949).
foreign assistance or mutual security operations, it could be assumed that such protection of intellectual property was intended to be applied to the nationals of both governments. To date there have been no reported cases wherein the owner of foreign technical information has brought suit against the United States under either this statute or its predecessor, section 506 of the Mutual Security Act of 1954, for misuse by the United States of such technical information.

D. 10 U.S.C. § 2734

This Act provides for the settlement and payment of any claim for not more than $15,000 for damage to, or loss of, personal property of any foreign country or inhabitant thereof, “to promote and maintain friendly relations through the prompt settlement of foreign claims.”

On its face, this statute appears broad enough to cover claims of infringement of foreign patents that do not exceed $15,000. However, Army Regulation 25–90, “Claims Arising in Foreign Countries,” promulgated pursuant to this statute, specifically provides in paragraph 6(h) that “[n]o claim will be settled under these regulations if it is for patent infringement.”

There are no known reasons for this prohibition. However, this clause had been in the Army Regulations for some twelve years when section 2734 was reinacted in 1956 and, accordingly, there is a presumption that Congress knew of its existence and approved its presence since there were no steps taken either to counteract it or to provide otherwise. Of interest in this regard is a draft report submitted by the American Subcommittee to the Joint British–American Patent Interchange Committee in the record of the Dr. Schilovsky claim of infringement of his British patent for a magnetic compass. The report contains the following statement:

[I]t should not be concluded that the United States has never made provisions to pay claims of nationals of other countries with respect to which such nationals had no legal remedies. At the present time there is in effect the Foreign Claims Act (31 U.S.C. 224(d)) which provides for administrative determination and payment of claims resulting from certain tortious acts of the United States armed forces in foreign countries. However, that act does

not appear to cover patent infringement claims since it is limited to the determination and the payment "of claims . . . on account of damage to or loss or destruction of public property both real and personal, or on account of damage to or loss or destruction of private property both real and personal or personal injury or death of inhabitants of a foreign country . . . including claims for damage to or loss or destruction of personal property bailed to the Government and claims for damages incident to the use and occupancy of real property, whether under a lease, express or implied, or otherwise. . . ." The subcommittee has been advised that that legislation was drafted by the Claims Division of The Judge Advocate General, Department of the Army, and that the draftsman did not intend to cover patent infringement claims, and that no mention of such claims was made before any Congressional Committee or by any member of Congress.49

IV. SOVEREIGN IMMUNITY

The doctrine of sovereign immunity as a defense against suits in foreign courts appears to be an increasingly weaker reed upon which to lean. Without delving too deeply into this complex and controversial area, it might simply be stated there has long been an international trend toward relaxing or weakening the effect of the doctrine.

The Executive Assistant to the American Chairman of the Patent Interchange Committee commented on the problem of protecting United States military personnel in England from liability for infringement of British patents as follows:

[W]hile sovereign immunity so far as the United States itself is concerned is in a state of flux, nevertheless, until some definite authoritative pronouncement to the contrary is made, it would be advisable . . . to take the position that the United States cannot be sued in the British courts for patent infringements . . . . That it would be advisable . . . to take the position that a soldier who, in acting within the scope of his duties in the United Kingdom, is alleged to have infringed a British patent, is immune from suit in the United Kingdom for patent infringement and further that he is probably immune from operation of the British patent laws . . . .

[H]owever, it is the view of the State Department that the United States should not hide behind the cloak of immunity in order to avoid paying nationals of other countries for things of value taken or destroyed by the United States in foreign lands; and that this policy has been recognized to some extent by acts of Congress in 1920 and 1925 which have conferred jurisdiction on the Court of Claims in certain cases where vessels owned by

49. AMERICAN SUBCOMM. REPORT, supra note 24.
the United States have inflicted damage on the property of others, as well as by the Foreign Claims Act (31 U.S.C. 224(d)).

As a general rule, it might be stated that where sovereign immunity is properly invoked in countries following the classical theory, no process will lie against the government itself. This principle, however, should not be considered as a license to the government concerned or its diplomatic representatives to take or use private property as a matter or right without first obtaining the consent of the rightful owner thereof. In countries following the restrictive theory of sovereign immunity and in countries such as Italy which have moved even further away from the classical doctrine of sovereign immunity, it may be increasingly difficult to successfully argue that procurement activities are in fact *jure imperii*. Lieutenant Colonel R. S. Pasley indicated in his article that the United States Government itself had recognized the growing trend against sovereign immunity in the famous Tate Letter of 1952. That letter received favorable notice by the United States Supreme Court in *National City Bank of New York v. Republic of China*. The Tate Letter states that:

A study of the law of sovereign immunity reveals the existence of two conflicting concepts of sovereign immunity, each widely held and firmly established. According to the classical or absolute theory of sovereign immunity, a sovereign cannot, without his consent, be made a respondent in the courts of another sovereign. According to the newer or restrictive theory of sovereign immunity, the immunity of the sovereign is recognized with regard to sovereign or public acts (*jure imperii*) of a state, but not with respect to private acts (*jure gestionis*). There is agreement by proponents of both theories, supported by practice, that sovereign immunity should not be claimed or granted in actions with respect to real property (diplomatic and perhaps consular property excepted) or with respect to the disposition of the property of a deceased person even though a foreign sovereign is the beneficiary.

The letter then discusses the position taken by various countries with regard to the classical or restrictive theories and notes that for some years the trend has been away from the classical toward the restrictive. The letter concludes with the declaration that “it will here-

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50. Letter from the Executive Assistant to the American Chairman of the Patent Interchange Committee to the Chief, Patents Division, Office of The Judge Advocate General, Department of the Army, Feb. 27, 1945.
52. Letter from the Acting Legal Advisor, State Department, to the United States Attorney General, May 19, 1952, 26 DEP'T STATE BULL. 984 (1952).
54. 26 DEP'T STATE BULL. at 984.
after be the Department's policy to follow the restrictive theory of sovereign immunity in the consideration of requests of foreign govern-
ments for a grant of sovereign immunity. However, it has been noted that the State Department did not follow the principles enunciated in the Tate Letter as closely as it might have.

V. TREATIES AND EXECUTIVE AGREEMENTS

In addition to the general principles of international law and the statutes previously mentioned, one must look to the many treaties and executive agreements that exist between the United States and its allies which may have a bearing on this subject. There are several different categories of such agreements including: the Status of Forces agreements, such as those with the North Atlantic Treaty Organization and Japan; the Offshore Procurement Agreements; the Patent Interchange Agreement; the North Atlantic Treaty Organization Council Resolution on Provisions for Setting Up an Ad Hoc Committee in the Event of Damage from Disclosure or Use of Inventions or Technical Information within the Framework of the North Atlantic Treaty Organization; the North Atlantic Treaty Organization Multilateral Agreement on the Protection and Exchange of Technical Information; and finally, the numerous cooperative research and development agreements.

A. Status of Forces Agreements

One type of agreement existing between the United States and its allies and with international organizations is exemplified by the

55. Id. at 985.
61. NATO Doc. C-M (60), at 60 (June 2, 1960).
62. NATO Doc. C-M (68), at 11 (Apr. 8, 1968). This was signed by the Permanent Representative to the North Atlantic Council on October 19, 1970; ratified by the United States on January 8, 1971; effective between the United States and Canada on February 7, 1971; the NATO Organization on April 30, 1971; the Netherlands on September 18, 1971; the United Kingdom on November 27, 1971; and Denmark on December 10, 1971.
63. See Saragovitz & Dobkin, supra note 43.
many Status of Forces agreements, which generally set forth the jurisdiction of the host country over United States military forces and their materiel located within the host country. Although these Status of Forces agreements provide for the settlement of claims arising from the activities of our armed forces in the host country, no specific mention is made of problems arising from the unauthorized use or disclosure by the United States of intellectual property of the host country or its nationals.

The question of the applicability of the Status of Forces agreements to the settlement of claims for the infringement of foreign patents and copyrights, however, has been considered periodically by government patent personnel. Article XVIII of the United States-Japanese Status of Forces agreement is substantially identical with the North

64. Article VIII of the NATO Status of Forces Agreement states:

5. Claims (other than contractual claims and those to which paragraphs 6 or 7 of this Article apply) arising out of acts or omissions of members of a force or civilian component done in the performance of official duty, or out of any other act, omission or occurrence for which a force or civilian component is legally responsible, and causing damage in the territory of the receiving State to third parties, other than any of the Contracting Parties, shall be dealt with by the receiving State in accordance with the following provisions:

   (a) Claims shall be filed, considered and settled or adjudicated in accordance with the laws and regulations of the receiving State with respect to claims arising from the activities of its own armed forces.

   (b) The receiving State may settle such claims, and payment of the amount agreed upon or determined by adjudication shall be made by the receiving State in its currency.

   (c) Such payment, whether made pursuant to a settlement or to adjudication of the case by a competent tribunal of the receiving State, or the final adjudication by such a tribunal denying payment shall be binding and conclusive upon the Contracting Parties.

   (d) Every claim paid by the receiving State shall be communicated to the sending States concerned together with full particulars and a proposed distribution in conformity with sub-paragraphs (e) (i), (ii) and (iii) below. In default of a reply within two months, the proposed distribution shall be regarded as accepted.

   (e) The cost incurred in satisfying claims pursuant to the preceding sub-paragraphs and paragraph 2 of this Article shall be distributed between the Contracting Parties, as follows:

   (i) Where one sending State alone is responsible, the amount awarded or adjudged shall be distributed in the proportion of 25 per cent chargeable to the receiving State and 75 per cent chargeable to the sending State.

   (ii) Where more than one State is responsible for the damage, the amount awarded or adjudged shall be distributed equally among them; however, if the receiving State is not one of the States responsible, its contribution shall be half that of each of the sending States.

65. See note 58 supra.
Atlantic Treaty Organization agreement. Although these agreements appear to be broad enough to cover patent and copyright infringement claims, since such infringements are generally considered as torts, a review of the minutes of the drafting groups makes it apparent that the authors of the respective agreements had no intent to cover either patent or copyright claims of infringement. There appears to have been considerable difference of opinion among government personnel as to whether or not foreign intellectual property claims fell within the scope of Status of Forces agreements. The matter was finally settled insofar as the NATO Status of Forces agreement is concerned by the March 17, 1955, letter of The Judge Advocate, Headquarters, United States Army Europe, and in the Far East by a directive, dated April 30, 1957, which sets forth the policy that:

No element of the Far East Command will recognize the validity of an allegation or the existence of a claim of infringement of a patent, design patent, utility patent, copyright, trademark, or other perfected form of proprietary right resulting from location or use of property of the Armed Forces of the United States within a foreign nation.

B. Offshore Procurement Agreements

In accordance with requirements of the Mutual Defense Assistance Act of 1949 the United States entered into a series of Mutual Defense Assistance Agreements with all countries receiving military assistance. A typical example is the Mutual Defense Assistance Agreement with United Kingdom, which covers, in general, such matters as patent

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66. See note 30 supra.
68. 63 Stat. 714 (1949).
69. Mutual Defense Assistance Agreement with the United Kingdom, Jan. 27, 1950, [1950] 1 U.S.T. 126, T.I.A.S. No. 2017, 88 U.N.T.S. 273. Article VI states: 1. The two contracting Governments will negotiate appropriate arrangements between them respecting responsibility for claims for the use or infringement of inventions covered by patents or patent applications, trademarks, or copyrights, or other similar claims arising from the use of devices, processes, or technological information in connection with equipment, materials, or services furnished pursuant to this Agreement, or furnished in the interests of production undertaken by agreement between the two contracting Governments in implementation of the pledges of self-help and mutual aid contained in the North Atlantic Treaty.
Id. at 128. Annex D states in part:

During the course of the negotiations of the Mutual Defense Assistance Agreement, the representatives of the two contracting Governments have reached the understanding that the following points will be considered in the negotiations provided for in Article VI:

(a) The inclusion of an undertaking whereby each contracting Government would assume the responsibility for all the patent and similar claims of its nationals referred to in Article VI of the said Agreement and for such claims arising in its jurisdiction of nationals of any country not a party to this Agreement.

Id. at 132.
claims and diplomatic immunities. The agreement also contemplates future negotiations leading to responsibility of each signatory for claims of its own nationals. Similar provisions are contained in Mutual Defense Assistance Agreements with a number of other countries.70

Supplementing the basic Mutual Defense Assistance Agreements are a series of special agreements, such as those which facilitate the interchange of patent rights and technical information for defense purposes, and the agreements on offshore procurement.71 During the early 1950s, the United States entered into memoranda of understanding relating to offshore procurement with a number of European governments.72 The Offshore Procurement Agreements with nations participating in the military security program were intended to cover the United States Government procurement of materials, services, supplies, construction and equipment. The offshore procurement program included two types of procurement: (1) purchases abroad for use of United States armed forces financed out of Department of Defense appropriations; and (2) purchases abroad for the use of the forces of friendly foreign nations financed out of military assistance appropriations. The scope of the Offshore Procurement Agreements and general legal problems relating thereto have been considered previously by Lieutenant Colonel Robert S. Pasley73 and by Major Norman L. Roberts.74 Further amplification of these general aspects of the agreements appears to be unwarranted. With regard to the application of these agreements to the misuse of intellectual property, however, little has been said.

No specific provisions are included in the Offshore Procurement Agreements to cover situations where the offshore or foreign procurement would result in the misuse of foreign technical information or the infringement of foreign patents or copyrights. Each of the agreements, however, contains an article delineating the protection to be afforded United States property and personnel, and provides for the settlement of claims and disputes arising from such offshore procurement. In negotiating these articles, the United States appears to have taken a position counter to the restricted theory of sovereign immunity espoused in the Tate Letter,75 as well as to the growing international trend. The success of the negotiators in achieving this goal varied

70. E.g., the United Kingdom, France, Italy and Greece.
71. See notes 59 & 60 supra.
72. See note 59 supra.
73. See Pasley, supra note 51.
75. See notes 52, 54 & 55 and accompanying text supra.
widely, although for all practical purposes the final articles have much
the same result.

Thus, the British agreement forthrightly recognizes the principle of sovereign immunity; it provides that the United States Government is immune from suit and its property exempt from legal process in the courts of the United Kingdom in any matter arising out of offshore procurement. The diplomatic immunity of certain contracting officers and authorized procurement personnel is also recognized in the United Kingdom agreement. Despite France's apparent adherence to the restrictive sovereign immunity theory, under which sovereign or public acts of a state (jure imperii) are immune, but not private acts (jure gestionis), the agreement specifically states that offshore procurement contracts do not have a commercial character and that the offshore procurement program is entitled to immunity from jurisdiction and legal process. Other countries, including Italy, have refused to accept even that concession, but did agree to accept an indemnity provision.

76. Agreement with the United Kingdom Concerning Protection of United States Property and Personnel (unpublished) provides:

It is understood that, in accordance with existing law and practice in the United Kingdom, the United States Government is protected against suits or legal process or other legal liability in the United Kingdom. The property of the United States Government is immune from all legal process or other legal action which would deprive the United States Government of such property. Procurement officers and other authorized agents of the United States Government are also protected in the United Kingdom from legal suits or process arising out of the placing and carrying-out of offshore procurement contracts under the programme. Her Majesty's Government will use their good offices to assist in carrying out the above understandings in specific cases as they may arise.

77. Id. art. 12.

78. Article 14 of the Agreement with France Concerning Offshore Procurement (unpublished) provides:

Immunities from Jurisdiction and Legal Process
The two governments agree that Offshore Procurement contracts do not have a commercial character as regards the United States Government but are undertaken within the framework of the Mutual Defense Assistance Agreement of January 27, 1950 between the United States and France. Consequently, the United States Government in carrying out the Offshore Procurement program is entitled to the immunities from jurisdiction and legal process extended by French jurisprudence to foreign governments acting in their sovereign capacity.

Protection of United States Personnel
The provisions of Paragraphs (B) and (C) of Annex D of the Mutual Defense Assistance Agreement of January 27, 1950, between the two governments are applicable, as appropriate, to procurement officers and members of their staff who are United States nationals, in recognition of the fact that such officers and members of their staff are subject to the authority of the Chief of the United States Diplomatic Mission.


Protection of United States Property and Personnel
(a) The Italian Government agrees that it will save the United States Government harmless from any loss or damage which might be incurred as a result of any suit, lien, attachment, or other legal process or seizure in Italy against any interest of the United States Government in property acquired through
Since an aggrieved owner of foreign intellectual property would have no recourse in the country where the infringement occurred, the question then remains as to whether he has any recourse under United States law. Section 1498 of Title 28, as previously indicated, does not permit suit against the United States for the infringement of a foreign patent or copyrighted material. Accordingly, the only remaining remedy appears to be for an alleged breach of contract under the Tucker Act, providing the claimant can meet the requirement for reciprocity under Section 2502 of Title 28.

C. Patent Interchange Agreements

Another type of bilateral agreement that the United States has entered into with fifteen foreign countries governs the relationships of the contracting governments concerning the exchange and protection of patents and technical information for defense purposes. These bilateral agreements, entitled Interchange of Patent Rights and Technical Information for Defense Purposes, perhaps better known as the Patent Interchange Agreements, do not in themselves operate to create a cause of action for private owners of patents and technical information for the unauthorized use or disclosure of technical information or patented inventions by foreign governments or their contractors. However, the stated purpose of these agreements is to facilitate and expedite the interchange of patent rights and technical information.

offshore procurement contracts in Italy or as a result of any legal process in Italy against the United States Government on any matter which may arise out of an offshore procurement contract, provided that nothing herein shall be construed as a waiver of any immunity to which the United States Government may be entitled.

(b) Contracting officers and other authorized procurement personnel who are in Italy in connection with the offshore procurement program and whose names have been duly reported to the Italian Government will be accorded the privileges and immunities set forth in paragraphs (2) and (3) of Annex G to the Mutual Defense Assistance Agreement between the United States and Italy signed at Washington on 27 January 1950 provided that upon entry into force of the NATO status of forces agreement between the United States and Italy, the status of such contracting officers and other authorized procurement personnel will be reconsidered in the light of that agreement, such other pertinent agreements as may be in force between the two governments and such other considerations as may be appropriate. The maximum number of procurement personnel who will enjoy the privileges referred to above will be fixed every year by consultation between the U.S. Embassy at Rome and the Italian Ministry of Foreign Affairs.

Id. at 2226-27 (footnotes omitted).


81. 28 U.S.C. § 2502 (1970) provides:

Citizens or subjects of any foreign government which accords to citizens of the United States the right to prosecute claims against their government in its courts may sue the United States in the Court of Claims if the subject matter of the suit is otherwise within such court’s jurisdiction.

mation. As a means of accomplishing this purpose, the preamble of these agreements acknowledges that "the rights of private owners of patents and technical information should be fully recognized and protected in accordance with the law applicable to such patents and technical information." The agreements then provide that, subject to applicable law, the owner of technical information of commercial value shall be entitled to receive "prompt, just and effective compensation" for the unauthorized use or disclosure of his technical information by the foreign government party to the agreement when that information was communicated to the foreign government either by or at the request of his own government or at the request of the receiving government. Any compensation payable to the owner is to be paid by the government first receiving the information, but without prejudice to any arrangements between the two contracting governments regarding the assumption of liability for compensation as between them. Each of these bilateral agreements provides that a Technical Property Committee shall be established whose functions include making recommendations for compensation to be paid to private owners of technical information which has been utilized by either contracting government without the owner's express or implied consent.

D. NATO Resolution and Agreement

In 1960, the North Atlantic Council issued a Resolution on Provisions for Setting Up an Ad Hoc Committee in the Event of Damage from Disclosure or Use of Inventions or Technical Information Within the Framework of the North Atlantic Treaty Organization. Prepared by the NATO Working Group on Industrial Property and approved by the Council, the resolution provides that any NATO government may request the cooperation of any other government concerned in establishing an ad hoc committee to examine damages alleged to have occurred through the disclosure or use of proprietary information or inventions within the North Atlantic Treaty Organization framework. The committee is charged with collecting and examining all pertinent documents and evidence and submitting a report.

83. Id. at 151.
84. Id. at 152, art. 4.
85. Id. at 154, art. 4. Among other duties, the Technical Property Committee is empowered:
   (e) To arrange for the procurement of, and to make recommendations respecting payment for, licenses and also to arrange indemnities, covering inventions in appropriate cases arising in the defense programme of either Contracting Government;
   (f) To make recommendations to the Contracting Governments regarding the assumption of liability for compensation referred to in Article IV.
86. NATO Doc. C-M(60), at 60 (June 2, 1960).
thereon, which, if appropriate, will provide a basis for compensation for any damage arising under recognized legal principles. Action by any NATO government under this resolution is optional and no means are provided for settling any meritorious claim. However, the purpose of the resolution is to encourage the mutual communication of inventions and technical information by providing administrative means to investigate claims.

A NATO multilateral agreement somewhat similar to the Patent Interchange Agreements has recently been negotiated. This agreement also provides for the communication and safeguarding of technical information between participating NATO governments. The agreement requires ratification or approval by each participating country prior to its being effective for that country. To date, Canada and the United States have formally indicated their approval of the agreement and the North Atlantic Council has approved its effectiveness insofar as NATO governments are concerned. The agreement also provides for the establishment of an ad hoc advisory committee composed of representatives of the NATO governments involved in any claim for compensation for the unauthorized use or disclosure of proprietary technical information. It is intended that this committee will investigate, examine evidence and submit a report on the origin, nature, and scope of any damage. It should be noted that this agreement is not concerned with the exchange of patented inventions and that in order to be within the province of the agreement it must have been communicated through government or NATO channels.

E. Cooperative Research and Development Agreements

The United States has entered into many bilateral and multilateral agreements with foreign governments for cooperative research,
development, and production programs. Although specific means for settling claims of infringement are not generally included, many of these agreements indicate the intent of the parties to consult together in an attempt to amicably settle such matters, and further state that the procedures of the Patent Interchange Agreements will be applied.

F. Nondefense Agreements

There are, of course, some foreign activities by United States Government nondefense agencies, such as the National Aeronautics and Space Administration, which do not come within the scope of a North Atlantic Treaty Organization Status of Forces Agreement or the other defense type agreements considered above. An example of this would be the installation by the National Aeronautics and Space Administration in a foreign country of a ground tracking and receiving station for satellites. Special bilateral agreements exist between the United States and each of the governments where such ground stations are situated. None of these agreements make any reference to the liability of the United States for either patent or copyright infringement arising from the United States' operation of such installations situated in the host country. It is believed that the acts in building and operating stations in foreign countries by the United States could be considered to be public acts of a state (jure imperii) rather than private acts (jure gestionis), and thus justify immunity from suit against the sovereign.

VI. Conclusions

From the foregoing discussion, it appears that the owners of foreign patents, copyrights and technical data have no recourse to suit against the United States in the Court of Claims under Section 1498 of Title 28, but if the circumstances warrant, they may have a cause of action for breach of contract, express or implied. Also, Section 2386 of Title 10 provides authority for the defense agencies to acquire rights to foreign intellectual property and to administratively settle claims for the alleged infringement of patent and copyright claims. This authority extends to the acquisition of rights to technical data, but does not authorize the settlement of claims for unauthorized use or disclosure of that data. Since this authority is directed solely

89. See Saragovitz & Dobkin, supra note 43.
to the armed forces, persons claiming against nondefense agencies such as the National Aeronautics and Space Administration and Atomic Energy Commission must look elsewhere for relief.

Although there has been a strong and well established resistance by the military departments to shy away from international intellectual property problems, simply because of the enormous problems involved, this resistance is gradually fading in the face of continued experience in international affairs. Also, it appears to be the policy of the United States to encourage the settlement of claims as indicated by provisions in international agreements to encourage the exchange of patents and technical information. Although many foreign patent infringement claims have been settled in the past fifty years, most of these were based on special wartime agreements which are no longer in effect. The only precedents established during peacetime were those of the copyright claims asserted by performing rights societies, the settlements of which were based on Section 2386 of Title 10.\footnote{93}

The political, economic, social, and national security aspects, as well as the obvious legal, technical, and linguistic difficulties involved in the investigation of infringement claims may, in many cases, present an insurmountable obstacle to the settlement of such claims. While the importance of these factors must be recognized, they should not be used casually to establish the basis for a blanket policy of refusing to consider, and where appropriate settle, claims for the misuse of foreign industrial property. Since Section 2386 is considered to give authorization for the purchase of rights to foreign intellectual property and for the settlement of foreign claims, and since precedents exist in the peacetime settlement of a number of copyright infringement claims, there appears to be no valid reason for not administratively considering claims which meet certain minimum conditions and fall within certain rather restricted limitations.

\section*{VII. Recommendations}

Suggested minimum conditions under which a foreign claim for unauthorized use of foreign intellectual property by the United States Government should be given consideration and should include all the conditions established for domestic claims\footnote{94} applied \textit{mutatis mutandis}. In addition:

\begin{itemize}
\item \footnote{93}{Id.}
\item \footnote{94}{These conditions are set forth in Armed Services Procurements Reg., 32 C.F.R. \S 9.404 (Supp. 1971): Requirements for Filing an Administrative Claim for Patent Infringement.}
\end{itemize}

(a) A patent infringement claim for compensation, asserted against the United States under any of the applicable statutes cited in \S 9.402, must be actually communicated to and received by a department, agency, organization,
(1) All documents submitted in support of the claim should be in the English language.

(2) If the claim involves a patent, it should be one issued in an “examination” country. In the alternative, a certified prior art search made by a competent, neutral party or organization should be required to be submitted to the agency against which the claim is made, together with copies of pertinent prior art.

(3) The statutory period for asserting patent or copyright infringement claims within the foreign country should still run. Any claim against the United States should be asserted within the same period of time as the claimant could have asserted it against his own government.\(^{95}\)

(4) The government of the country in which the alleged patent or copyright infringement took place should have the legal authority, as well as an established policy to settle claims of the type asserted against the United States in order to avoid placing the United States in a position less favorable than that of the foreign government.

(5) Consideration should be given primarily to those claims where there is actual damage to the patent owner or copyright owner; i.e., where the owner is deprived of profits he would have enjoyed under normal circumstances if United States use or procurement had not intervened. In situations where the patentee would not have had any commercial profits in any event, it is doubtful that any major effort should be exerted toward settlement. Thus, in case of copyrights on music performed by armed forces radio, the public listening to the armed forces United States radio programs, concerts, etc., to the exclusion of foreign equivalent facilities which pay royalties, does injury to the copyright owner.

Office, or field establishment within the Department of Defense. Claims must be in writing and should include the following:

(1) An allegation of infringement;
(2) A request for compensation, either expressed or implied;
(3) A citation of the patent or patents alleged to be infringed;
(4) A sufficient designation of the alleged infringing item or process to permit identification, giving the military or commercial designation, if known, to the claimant;
(5) A designation of at least one claim of each patent alleged to be infringed; or
(6) As an alternative to subparagraphs (4) and (5) of this paragraph, a certification that the claimant has made a bona fide attempt to determine the item or process which is alleged to infringe, but was unable to do so, giving reasons, and stating a reasonable basis for his belief that his patent or patents are being infringed.

95. In some countries, the period for asserting such a claim against the government is considerably shorter than the period for asserting a similar claim against a private party; for example, five years as compared to thirty.
(6) The settlement agreement should be submitted to the Comptroller General before payment in order to resolve any question as to the legality of the payment and the method of obligation and payment. The concurrence of the Office of the General Counsel, Department of Defense and the State Department should also be obtained to avoid interference with the policies and procedures of those agencies.

On the other hand, claims for the infringement of intellectual property should be denied where the infringement:

(1) Is incident to combat activities; *e.g.*, wartime seizures and requisitioning of supplies or services in an occupied country;

(2) Results from direct aid to the foreign country; *i.e.*, where the infringement arises from the importation of allegedly infringing equipment which is turned over to the foreign government or its contractors for the benefit of that foreign government;

(3) Occurs by reason of the importation, into a foreign country, of equipment produced under license in the United States or a third country, and the licensor, its subsidiaries or affiliates own or control patents covering the same or substantially the same equipment in the country where infringement is alleged;

(4) Is of such a nature that disclosure of the details of the equipment, quantity of procurement or other information might endanger the national security of the United States or its allies;

(5) Is otherwise covered by international agreement such as the "Offshore Procurement Agreements."