

~~Confidential~~

December 21, 1933.

Memorandum For Major Hugh Mitchell,  
Chief, Research and Development Division,  
Office of The Chief Signal Officer

Subject: Friedman et al - Cryptographic System  
Patent Application Serial No. 588,344

(M-134-T1, single rotor)  
Issued 28 Jan 36, # 2,028,772

Query : Should a patent be permitted to issue on the above application ?

Reasons In The Affirmative.

1. Protection of Government rights.
  - (a) Avoids payment of royalties to private interests;
  - (b) Prevents the grant of patents to others for the same subject matter i.e. becomes part of prior art against later inventions of similar nature.
2. Protection of inventors' rights.
3. Upholds the principle recognized by Congress and established by Act of 1883 amended 1928.

This Act authorizes the grant of patents to officers and employees of the Government without payment of fees, etc.

4. Abandonment of the above patent application involves the rights of the same inventor in two other cases, both of which embody closely related principles. This would mean the loss to the Government and to the inventor of patent protection upon the subject matter of all three cases.

This memo. was  
submitted for com-  
sideration with a  
memo. in 1933. Friedman  
to Major O'Brien dated  
12-19-33

5. Abandonment of basic application, above identified, lays open the field of invention to non-government interests to obtain patents to the exclusion of this Government's rights.

Under these circumstances, the Government (War Department) would not be entitled to notice from the Patent Office of the filing of a patent application by others. Thus, it would be possible for private interests to file, and the actual issuance of a patent would be the first notice to the Government of outside activities. The resulting disadvantage would be two-fold :

(a) It would then be too late to obviate the effect of publication and disclosure to the world as an incident to the grant of such a patent :

(b) Assuming that the Government would wish to set up a prior claim and seek as far as possible to invalidate such a patent, legal action could not be based upon an abandoned patent application. The filing of an entirely new application would be necessary to set up an interference proceeding in the Patent Office against such a privately owned patent, which would give an opportunity on the part of the opposing interests holding under said patent to invoke the doctrine of legal estoppel as well as other defenses against the Government.

6. The effect as a precedent of suppressing said application and the related applications must be carefully considered. The importance of this point may be qualified or lessened somewhat by the consideration that each case must always be decided on its own merits; but the disadvantages to the Government might outweigh the advantages

#### Reasons In The Negative.

1. **Secrecy.** The issuance of a patent would be equivalent to disclosure of invention to the world, a circumstance which might be detrimental to the national defense (see Mr. Friedman's memorandum B-1 ).

2. The information communicated by the grant of a patent would permit a foreign government to adopt and use the invention, thus giving a potential enemy in time of peace the opportunity to make use of an instrumentality which might become a useful weapon in time of war.

3. In time of peace there is no provision of law by which an invention of this nature having particular importance to the Government, may be kept secret for an indefinite period, and which at the same time would afford patent protection both to the Government and to the inventor.

What is known as the "Three Year Rule" is invoked in some cases, but this makes it necessary for the inventor to divest himself of his title and ownership in favor of the Government. Having done so, all of his rights, that is to say his commercial rights are assigned to an officer of the Government and a special act of Congress would be required to re-assign to the inventor and thus re-possess him of his commercial rights.

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By act of October 6, 1917, secrecy is provided for in time of war but this act does not apply in time of peace.

It should be understood that the above identified patent application, Serial No. 588,544 has been held under suspension by the Patent Office at the instance of the Patents Section of the Signal Corps, and as this case now stands, the time for action on the part of the attorney representing the Government and the inventors will expire March 21, 1934. It will be difficult to secure a further postponement, without invoking the "Three Year Rule" above mentioned, which procedure it is desired to avoid in view of the objections above explained in connection with the citation of said rule.

The foregoing is submitted as a confidential memorandum for consideration in connection with a proposed memorandum of Mr. William F. Friedman hereto attached.

All correspondence is returned herewith.

Charles A. Rowe,  
Patents Section, Signal Corps