Draft Memo, 1/3/77, TGF

To: Russell M. Robert

From: Patent Counsel

We wish to follow the recommendations made by Mr. Whaley's memo dated March 19, 1976

Subj: Notice of Intent to Amend the Department's Freedom of Information Regulation.

This refers to your memo dated November 29, 1976, requesting comments and suggestions on how best to amend the Department's Freedom of Information Regulation. This office is concerned only with the 2nd paragraph of the subject notice and submits the following comments. To make these comments meaningful we must first explain our basic recommendations.

This office is concerned with intellectual property which includes, among other things, inventions and trade secrets. Since the adoption of the U.S. Constitution the owner of intellectual property has had the option of protecting his property rights by secrecy or by resorting to the patent system. HEW policy and the Department's Patent Regulations are based upon the patent system, but permits a period of confidentiality before publication is necessary but will be appropriate or in furtherance of the patent system, anything which frustrates the patent system frustrates HEW policy regarding intellectual property and is detrimental to the public interest. Accordingly, we feel that it is imperative that intellectual property should not be released in response to a request under the Freedom of Information Act without careful evaluation by HEW employees who are competent to make such evaluation. The present FOIA Freedom of Information regulations do not meet this test

Intellectual property, whether generated by a non-profit grantee or by a for profit contractor may have commercial value. In many cases the value of the property cannot be determined at the time the request for release is made and may not be determined until some future date when test data necessary to support a patent application becomes available through ongoing research. Premature release of such property can effectively destroy both present and future property rights.

Since release of Information which is based on a determination of which is in the public interest is a discretionary function of the Secretary and not mandatory, we feel that the regulations should be amended to provide that the Secretary will not release such information unless he determines that it is in the public interest to do so. Such a provision would be consistent with the Freedom of Information Act and would not require the Department to release information which is not in the public interest to release. Such a provision would also be consistent with the Trade Secrets Act, 18 U.S.C. 1905, which prohibits the release of trade secrets and confidential information except as authorized by law. Such a provision would also be consistent with the Privacy Act of 1974 which prohibits the release of personal information except as authorized by law.

We suggest that the following be added to the regulations:

"Information which is not in the public interest to release may be withheld from disclosure. Information which is not in the public interest to release includes, but is not limited to, information which is exempt from disclosure under 5 U.S.C. 552(b)(4), (5), (6), (7), (8), or (9), information which is prohibited from disclosure by 18 U.S.C. 1905, information which is prohibited from disclosure by the Privacy Act of 1974, and information which is not releasable under the Freedom of Information Act."

The Department Patent Regulations provide for the waiver of greater rights to inventions made in performance of sponsored research. Grant and contract proposals, reports, etc. may contain a disclosure of potentially patentable inventions which may be proprietary to the grantee or contractor or to which the grantee or contractor may acquire greater rights. ~~These inventions may xxxxxxxxxx ultimately become commercially valuable~~. The premature release of such materials over the objections ~~of the~~ contractor or grantee without adequate evaluation by this Department and without a procedure whereby the contractor or grantee can appeal a decision to release the materials requested under FOIA ~~in spite of their objections~~, in our opinion, may constitute a taking or destruction of property without due process of law in violation or the 5th Amendment to the U.S. Constitution. Accordingly, we feel that it is imperative that the Department's Freedom of Information Regulation provide for review and evaluation ~~by this office~~ of materials requested under FOIA when the contractor ~~or~~ grantee who submitted the materials requested objects to their release on the ground that the materials contain potentially patentable subject matter or trade secrets and a procedure whereby the contractor ~~or~~ grantee may appeal a decision ~~by this office~~ to release the materials requested in spite of ~~the~~ objections ~~of the contractor or grantee~~.