



BREAKFAST BRIEFING SERIES

Export Compliance and Intellectual Property: Where Do You Draw The Line?

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OVERALL THEME

- ◆ The export laws are contextless!
- ◆ Apply to areas generally not viewed as within the purview of the export laws



PATENT PROCESS AND INTELLECTUAL PROPERTY

- ◆ Patents, trademarks, copyrights, trade secrets
- ◆ Allows for the protection of product or technology developments
- ◆ Intellectual property protections and the resulting “monopoly” are constitutionally based
- ◆ Implemented through statutes and regulations
- ◆ Administered through the PTO or through internal company confidentiality requirements (*i.e.*, trade secret protections)



ISSUES OF CONCERN

- ◆ Pre-patent or pre-IP protection
- ◆ Invention Secrecy Act
- ◆ Foreign patent counsel and agents
- ◆ In-firm IP personnel exchange programs

PATENT ACTIVITIES



- ◆ Despite the common misperception, export authorizations are required for many pre-filing patent activities



PATENT ACTIVITIES

- ◆ Applicable regulations and guidance:
 - * ITAR
 - * EAR
 - * Invention Secrecy Act
 - * U.S. Patent and Trademark Office Regulations
 - * Manual of Patent Examining Procedure

PATENT ACTIVITIES



◆ Patent Activities – Export Issues

- * Which regulations govern – U.S. PTO regulations? EAR? ITAR? OFAC?
- * Representation of foreign persons in the patent application process
- * Pre-patent filing activities
- * “Deemed” exports
- * Outsourcing



PATENT ACTIVITIES

◆ Issues:

- * Patent applications *filed* with the patent office are governed by the U.S. PTO regulations and are not controlled under the EAR and ITAR for export purposes
- * *Prior to patent application filing*, however, U.S.-origin technical information related to patent applications requires EAR or ITAR analysis and export authorization
- * Analysis and discussions between U.S. persons and foreign persons concerning the drafting or filing of a patent application require EAR or ITAR export analysis and authorization
- * After patent filing, U.S.-origin data exceeding the scope of the patent or patent application remains subject to the EAR or ITAR export authorization
- * OFAC regulations



PATENT ACTIVITIES

- ◆ When could an export occur?
 - * Exchanging U.S.-origin data with a foreign inventor, in the United States or abroad, during patent application preparation and drafting
 - * Patent application activities involving an invention by a U.S. person located abroad
 - * Outsourcing of patent application research and preparation to foreign countries
 - * Foreign person attorneys, interns and externs employed by U.S. intellectual property law firm
 - * Involvement in patent activities by foreign offices of a U.S. law firm



PATENT ACTIVITIES

◆ Applicable regulations

* ITAR § 120.11

“Public domain means information which is published and which is generally accessible or available to the public:

* * *

(5) Through patents available at any patent office”

PATENT ACTIVITIES



◆ Applicable regulations (cont'd)

* ITAR § 125.2(b)

“Patents. A license issued by the Directorate of Defense Trade Controls is required for the export of technical data whenever the data exceeds that which is used to support a domestic filing of a patent application or to support a foreign filing of a patent application whenever no domestic application has been filed.”



PATENT ACTIVITIES

◆ Applicable regulations (cont'd)

* ITAR § 125.2(b)

“Requests for the filing of patent applications in a foreign country, and requests for the filing of amendments, modifications or supplements to such patents, should follow the regulations of the U.S. Patent and Trademark Office in accordance with 37 CFR part 5. The export of technical data to support the filing and processing of patent applications in foreign countries is subject to regulations issued by the U.S. Patent and Trademark Office pursuant to 35 U.S.C. 184.”



PATENT ACTIVITIES

◆ Applicable regulations (cont'd)

* EAR § 734.3(b)(3)(iv)

“The following items are *not* subject to the EAR:

* * *

(3) Publicly available technology and software, except software controlled by “EI” reasons under ECCN 5D002 on the Commerce Control List and mass market encryption software with symmetric key length exceeding 64-bits controlled under ECCN 5D992, that:

* * *

(iv) Are included in certain patent applications, as described in § 734.10 of this part.”



PATENT ACTIVITIES

◆ Applicable regulations (cont'd)

* EAR § 734.10

“The information referred to in § 734.3(b)(3)(iv) of this part is:

(a) Information contained in a patent application prepared wholly from foreign-origin technical data where the application is being sent to the foreign inventor to be executed and returned to the United States for subsequent filing in the U.S. Patent and Trademark Office;

(b) Information contained in a patent application, or an amendment, modification, supplement or division of an application, and authorized for filing in a foreign country in accordance with the regulations of the Patent and Trademark Office, 37 CFR part 5; or”

PATENT ACTIVITIES

◆ Applicable regulations (cont'd)

* EAR § 734.10

“(c) Information contained in a patent application when sent to a foreign country before or within six months after the filing of a United States patent application for the purpose of obtaining the signature of an inventor who was in the United States when the invention was made or who is a co-inventor with a person residing in the United States.”

PATENT ACTIVITIES



◆ Applicable regulations (cont'd)

* EAR § 734.3 – Items *not* subject to the EAR:

“b. The following items are *not* subject to the EAR:

c.1. Items that are exclusively controlled for export or reexport by the following departments and agencies of the U.S. Government which regulate exports or reexports for national security or foreign policy purposes.”

PATENT ACTIVITIES

◆ Applicable regulations (cont'd)

* EAR § 734.3 – Items *not* subject to the EAR:

“b. The following items are *not* subject to the EAR:

v. *Patent and Trademark Office (PTO)*. Regulations administered by PTO provide for the export to a foreign country of unclassified technology in the form of a patent application or an amendment, modification, or supplement thereto or division thereof (37 CFR part 5). BIS has delegated authority under the Export Administration Act to the PTO to approve exports and reexports of such technology which is subject to the EAR. Exports and reexports of such technology not approved under PTO regulations must comply with the EAR.”



PATENT ACTIVITIES

- ◆ An EAR/ITAR export license is required if:
 - * Export of U.S.-origin data or technology occurs *prior* to filing of patent application with U.S. PTO or issuance of foreign filing license by U.S. PTO
 - * U.S.-origin technical data or technology to be exported exceeds what is included in a patent application, amendment, modification or supplement (physical export or deemed export), whether before or after patent filing with U.S. PTO

PATENT ACTIVITIES

◆ What type of license?

- * Commerce license or exception for EAR-controlled goods and technology
- * DSP-5 for discrete exchanges of data and limited discussions concerning ITAR-controlled articles
- * Technical assistance agreement could be used to cover the entire patent preparation process if extended data exchanges and discussions of ITAR-controlled articles are expected



PATENT ACTIVITIES

Summary

- ◆ Always be aware of where you are in the process – either the EAR/ITAR or U.S. PTO regulations apply *at all times*
- ◆ If controlled U.S.-origin technical data or discussions are not explicitly included in a filed patent application, an EAR/ITAR export license is likely required
- ◆ An invention secrecy order restricts exports of even a patent application after filing with U.S. PTO
- ◆ Confirm that any law firm involved in patent preparation does not outsource work abroad and does not permit access by foreign person attorneys, interns or externs without appropriate export authorization



QUESTIONS?