

Morgan Lewis

WHAT PATENT PRACTITIONERS NEED TO KNOW ABOUT US EXPORT CONTROLS AND FOREIGN FILING LICENSES

Heather Sears
Janice Logan

May 22, 2020

Biography



Janice H. Logan, Ph.D.

Washington, DC

T +1.202.739.5234

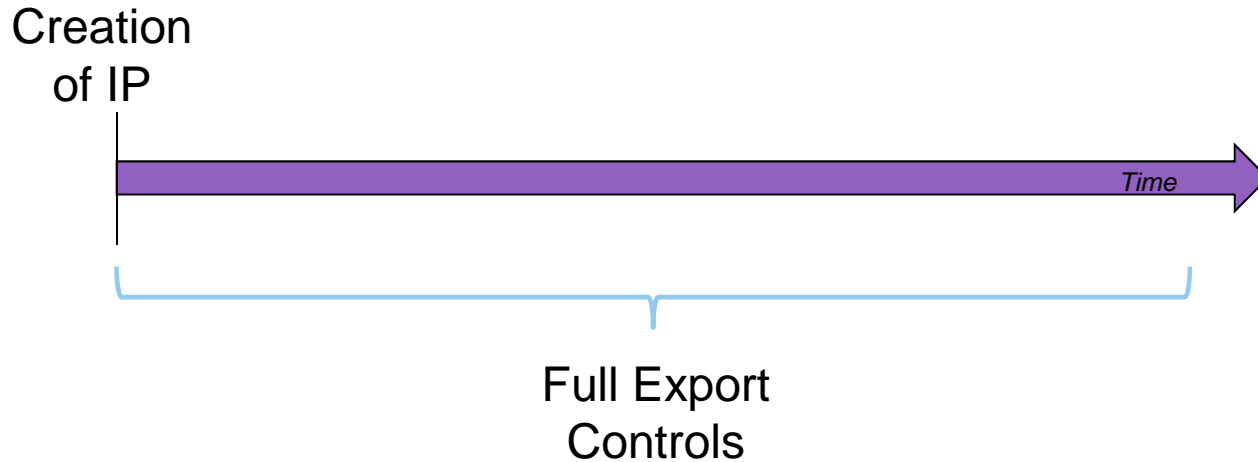
F +1.202.739.3001

Janice brings an extensive science and engineering background to her intellectual property law practice, focusing primarily on biotechnology, chemistry, and materials engineering matters. She guides clients through complex patent procurement and patent litigation matters, and handles patent portfolio management and development. She also manages due diligence for intellectual property asset transactions. Janice is fluent in Korean and Japanese.

CONTROLS SPECIFIC TO INTELLECTUAL PROPERTY

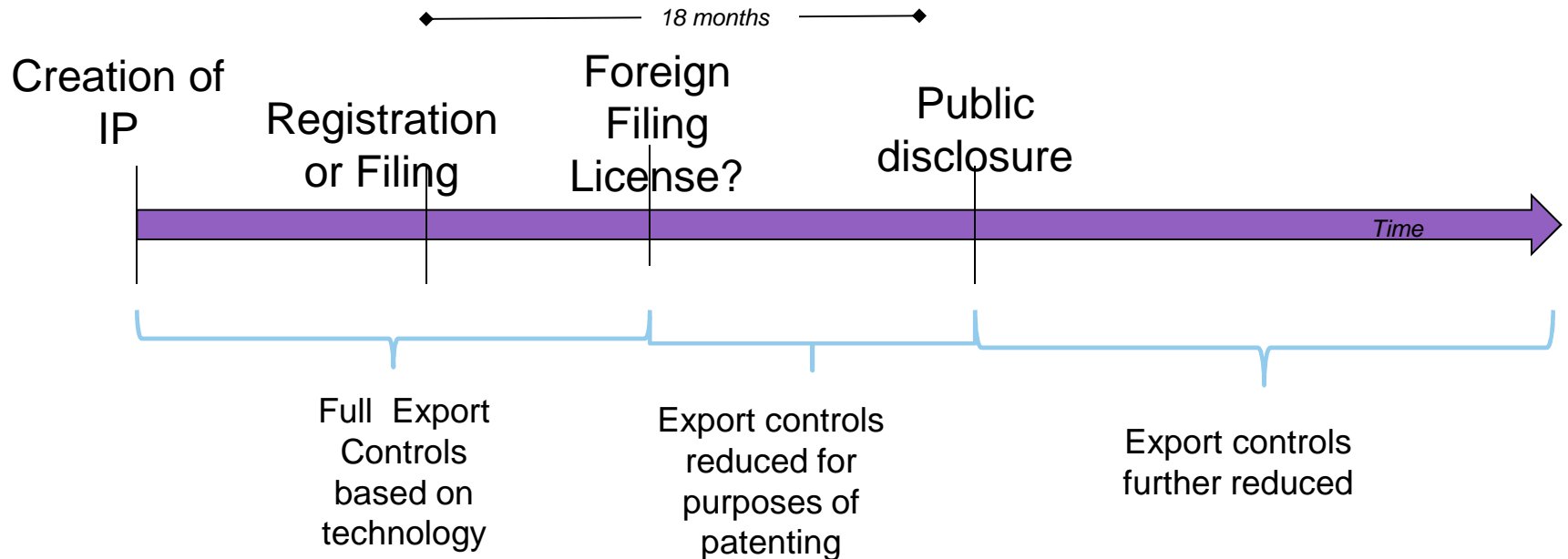
Export controls of Unregistered IP

- Trade secret, company research, company testing and other proprietary company data



Export controls of Registered IP

- Utility and design patents and copyrights



Unregistered IP and Registered IP

- **Early in lifecycle, Unregistered IP and Registered IP are the same**
 - **Full ITAR / EAR export controls**
 - **No import or export, even within the same company**
 - **No access by foreign nationals**
 - **Applies even after registration / filing**
 - **Between Foreign Filing License and Public Disclosure**
 - **Once cleared (e.g., Foreign Filing License is received), export controls are reduced for limited purposes (e.g., for purposes of patenting)**
 - **Once publicly disclosed, export controls are reduced / removed**
 - **Effectively, IP has passed into public awareness - no export controls**

Registered IP – Foreign Filing License

- **Obtaining a Foreign Filing License**

- **35 U.S.C. 184 - Filing of application in foreign country.**

Except when authorized by a license obtained from the Commissioner of Patents a person shall not file or cause or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country.

- **Implemented by 37 C.F.R. 5.11**

Secrecy Orders and Implications

- **35 U.S.C. § 181 governs**
- **PTO screens applications in light of guidance provided by gov't agencies (mainly DOD and DOE)**
- **Three types**
 - **Type 1: Applications containing technical data whose export is controlled under current U.S. export control laws / regulations**
 - **Type 2: Applications containing technical data that is classified under Executive Orders 10865 and 12356 or is "classifiable" under a security guideline where the applicant has a current security agreement with DOD**
 - **Type 3: Secrecy order is used in all instances where a type 1 or 2 order is not appropriate**

Today's Presenter



Heather C. Sears

Washington, DC

T +1.202.739.5246

F +1.202.739.3001

Heather is a veteran trade compliance counsel who represents global businesses on compliance with and extraterritorial application of US laws and regulations relating to international trade. She also is a member of the US State Department's Defense Trade Advisory Group and serves as the vice chair on the board of the National Council for International Trade Development.

Connect with me on LinkedIn:

<https://www.linkedin.com/in/heather-sears-b7646a6/>

Agenda

- Jurisdiction
- Exports
- Exporting Technology
- BIS
- DDTC
- Technology
- Public Domain
- Enforcement



Jurisdiction

- US Patent and Trademark Office (USPTO) has jurisdiction over patent applications for inventions made in the US that are to be filed abroad
- Jurisdiction does not extend to the export of technology. The jurisdiction for exports is held by:
 - The Bureau of Industry and Security (BIS),
 - The Directorate of Defense Trade Controls (DDTC), or
 - The Department of Energy (DOE)

Exports

- Sending a patent application for preparation in a foreign country that includes technology
- Sharing technology with a foreign person in support of preparation of a foreign patent application or conducting patent searches
- Releasing or transferring technology to a foreign person, in the US or abroad
- Shipment or transmission of technology outside of the US

CAN BE TANGIBLE OR INTANGIBLE!!!

Exports

- Hardware
- Technology
- Software
- Services



Foreign Person

- Non-US Citizen
- Non-US Permanent Resident
- Non-US Refugee or Asylee
- Visa or Work Permit Holder
- Corporation or Organization incorporated to do business outside of the US
- Non-US Embassy
- Non-US Government



Export to a foreign person is to the country(ies) they hold citizenship and/or permanent residence.

Exporting Technology

Tangible

- Shipments
- Mail
- Hand Carrying
- Published Article
- Web Post
- Printed Data
- Patent Application

Intangible

- Phone Discussion
- Meeting
- Presentation
- Plant Tour
- Facsimile
- Electronic Transmission
- Internet/Chat Room
- Technical Service
- Trade Show
- E-mail or Text
- Conversation



Export Administration Regulations (EAR)

- Commerce Control List
 - Commercial Items
 - Dual-Use Items
 - Low-Level Military Items
- Exports of technology in support of a patent application may require an export license issued by BIS, use of an EAR exception, or a documented determination that No License is Required (NLR)



International Traffic in Arms Regulations (ITAR)

- US Munitions List
 - Military Articles
 - Defense Articles
 - Personal Protective Equipment
 - Explosives, Energetic Materials & Propellants
 - Toxicological Agents
 - Spacecraft
 - Articles Sensitive to US National Security
- Exports of ITAR-controlled technical data in support of a patent application may require an export license issued by DDTC or use of an ITAR exemption



Technology

Technical Data (ITAR)

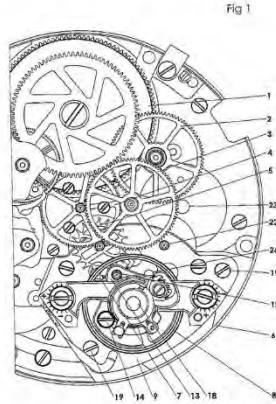
- Information, other than software, which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of defense articles. This includes information in the form of blueprints, drawings, photographs, plans, instructions or documentation.
- Classified information relating to defense articles and defense services on the U.S. Munitions List and 600 series items controlled by the Commerce Control List;
- Information covered by an invention secrecy order; or
- Software (*see* §120.45(f)) directly related to defense articles.

Technology (EAR)

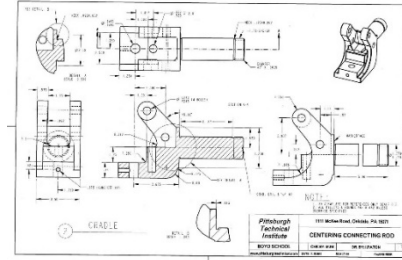
- Information necessary for the “development,” “production,” “use,” operation, installation, maintenance, repair, overhaul or refurbishing (or other terms specified in ECCNs on the CCL that control “technology”) of an item.

Technology Examples

- Drawings
- Blueprints
- Photographs
- Plans
- Models
- Manuals
- Design Data
- Engineering Reports
- Manufacturing Know How
- Work Instructions



- Assembly Instructions
- Installation Guides
- Operation Guides
- Maintenance Procedures
- Testing Methods
- Repair Analysis
- Algorithms & Software
- Wiring Diagrams
- Technical Documents & Reports



The Cloud

Restrictions were relaxed:

- Effective September 1, 2016, **limited** changes were made to eliminate export status for transfers of EAR technology through the Cloud, provided that the following conditions were met (see next slide)
- Effective March 25, 2020, **limited** changes were made to eliminate export status for transfers of ITAR technical data through the Cloud, provided that the following conditions were met (see next slide)



The Cloud

Requirements:

- Unclassified;
- The technology transferred must be secured using “end-to-end” encryption, i.e. be encrypted **before** crossing the national boundary of the originator and remain encrypted until **after** crossing the national boundary of the recipient;
- The encryption used for the transfer must be at least as effective as that which is compliant with the Federal Information Processing Standards Publications (FIPS 140-2); and
- The encrypted technology must not be stored in, sent to or sent from an arms embargo country (e.g., China), Russia or for the ITAR, a 126.1 country.

Not Technology

- Basic marketing information, such as a product's function, purpose or general system specifications
- Information related to selling and purchasing, including what is typically found on contracts, invoices, purchase orders and other documents of sale
- Information relating to logistics, including what is typically found on bills of lading, airway bills, SEDS, certificates of origin, packing lists, import entry summaries, etc.
- Financial information, including what is typically found on financial statements, billing statements, wire transfers and other financial documents

Not Technology

- Bills of Material
- Part or Model Numbers
- Inventory Records
- Delivery and Production Schedules or Forecasts
- Sales Information
- Process Improvement Techniques (*e.g.* Six Sigma, but can't apply)
- General Scientific Engineering Principles commonly taught in Colleges and Universities (can't apply)
- Information in the Public Domain

Morgan Lewis



Public Domain

Information which is published and which is generally accessible or available to the public:

- Through sales at newsstands and bookstores;
- Through subscriptions which are available without restriction to any individual who desires to obtain or purchase the published information;
- Through second class mailing privileges granted by the US Government;
- At libraries open to the public or from which the public can obtain documents;
- Through patents available at any patent office;
- Through unlimited distribution at a conference, meeting, seminar, trade show or exhibition, generally accessible to the public, in the United States;
- Through public release (*i.e.*, unlimited distribution) in any form (*e.g.*, not necessarily in published form) after approval by the cognizant US government department or agency (see also §125.4(b)(13) of this subchapter);
- Through fundamental research in science and engineering at accredited institutions of higher learning in the US where the resulting information is ordinarily published and shared broadly in the scientific community. Fundamental research is defined to mean basic and applied research in science and engineering where the resulting information is ordinarily published and shared broadly within the scientific community, as distinguished from research the results of which are restricted for proprietary reasons or specific US Government access and dissemination controls. University research will not be considered fundamental research if:
 - The University or its researchers accept other restrictions on publication of scientific and technical information resulting from the project or activity, or
 - The research is funded by the US Government and specific access and dissemination controls protecting information resulting from the research are applicable.

Scope of Controls

- Must comply with the EAR and ITAR during preparation of US application and during review of application by USPTO
- Once Foreign Filing License granted, limited right to send technical information in the US patent application outside the US solely for the purposes of patenting
- Once US Patent Application is published, everything in the publication becomes public domain, and is no longer subject to the ITAR or EAR. The item itself, and unpublished information remains controlled.

Enforcement

- Loss of Reputation
- Loss of Business
- Debarment
- DDTC:
 - Criminal – \$1 million per violation, 20 years in jail
 - Civil – \$1,183,736 (per charge, export violation)
 - Civil, Acts involving terrorists – \$1,024,457
- BIS:
 - Criminal – \$1 million per violation, 20 years in jail
 - Civil – \$305,292, or twice the value of the transaction
 - Civil (IEEPA) – \$307,922, or twice the value of the transaction



Addressing COVID-19: Takeaways

1. USPTO closed
2. Application and other deadlines not extended
3. But, Effects of COVID-19 are an “Extraordinary Situation”
4. Export Licenses will be delayed

Presentation Takeaways

1. Once a US Patent Application is published, everything in the publication becomes public domain, and is no longer subject to export control.
2. Secure technology with end-to-end encryption.
3. Do not provide technical information to a foreign person, or send outside of the United States, without authorization.
4. An export license may be required to obtain or apply for a foreign patent.

QUESTIONS?

A vibrant, futuristic digital cityscape. The scene is composed of glowing, pixelated buildings and streets in various colors like blue, purple, and yellow. The perspective is looking down a long, straight street that recedes into the distance. The buildings are made of glowing dots and lines, creating a sense of depth and movement. The overall atmosphere is high-tech and energetic.

Biography



Heather C. Sears

Washington, DC

T +1.202.739.5246

F +1.202.739.3001

Heather is a veteran trade compliance counsel who represents global businesses on compliance with and extraterritorial application of US laws and regulations relating to international trade. She also is a member of the US State Department's Defense Trade Advisory Group and serves as the vice chair on the board of the National Council for International Trade Development.

Connect with me on LinkedIn:

<https://www.linkedin.com/in/heather-sears-b7646a6/>

Biography



Janice H. Logan, Ph.D.

Washington, DC

T +1.202.739.5234

F +1.202.739.3001

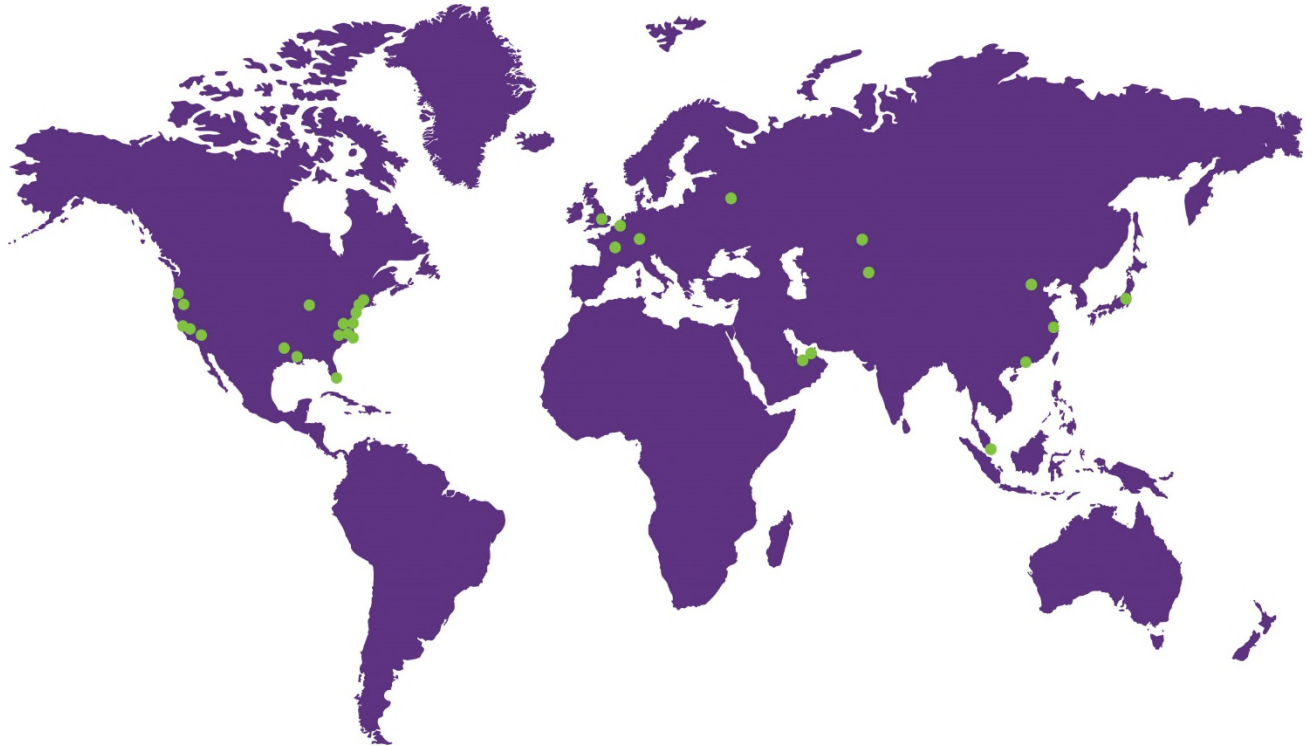
Janice brings an extensive science and engineering background to her intellectual property law practice, focusing primarily on biotechnology, chemistry, and materials engineering matters. She guides clients through complex patent procurement and patent litigation matters, and handles patent portfolio management and development. She also manages due diligence for intellectual property asset transactions. Janice is fluent in Korean and Japanese.

Our Global Reach

Africa
Asia Pacific
Europe
Latin America
Middle East
North America

Our Locations

Abu Dhabi
Almaty
Beijing*
Boston
Brussels
Century City
Chicago
Dallas
Dubai
Frankfurt
Hartford
Hong Kong*
Houston
London
Los Angeles
Miami
Moscow
New York
Nur-Sultan
Orange County
Paris
Philadelphia
Pittsburgh
Princeton
San Francisco
Shanghai*
Silicon Valley
Singapore*
Tokyo
Washington, DC
Wilmington



Morgan Lewis

*Our Beijing and Shanghai offices operate as representative offices of Morgan, Lewis & Bockius LLP. In Hong Kong, Morgan Lewis operates through Morgan, Lewis & Bockius, which is a separate Hong Kong general partnership registered with The Law Society of Hong Kong as a registered foreign law firm operating in Association with Luk & Partners. Morgan Lewis Stamford LLC is a Singapore law corporation affiliated with Morgan, Lewis & Bockius LLP.

THANK YOU

© 2020 Morgan, Lewis & Bockius LLP
© 2020 Morgan Lewis Stamford LLC
© 2020 Morgan, Lewis & Bockius UK LLP

Morgan, Lewis & Bockius UK LLP is a limited liability partnership registered in England and Wales under number OC378797 and is a law firm authorised and regulated by the Solicitors Regulation Authority. The SRA authorisation number is 615176.

Our Beijing and Shanghai offices operate as representative offices of Morgan, Lewis & Bockius LLP. In Hong Kong, Morgan Lewis operates through Morgan, Lewis & Bockius, which is a separate Hong Kong general partnership registered with The Law Society of Hong Kong as a registered foreign law firm operating in Association with Luk & Partners. Morgan Lewis Stamford LLC is a Singapore law corporation affiliated with Morgan, Lewis & Bockius LLP.

This material is provided for your convenience and does not constitute legal advice or create an attorney-client relationship. Prior results do not guarantee similar outcomes. Attorney Advertising.