

Export Compliance Tips For Patenting Dual-Use Tech

By **Grant Ehrlich and Maggie Russell**

Dual-use technologies, i.e., those with both civilian and military end uses, have become increasingly widespread. Avoiding a disclosure contrary to U.S. export control laws is critical for inventors and their employers and the complexities of export controls around dual-use technologies can lead to confusion.

Recent world events have highlighted the increasingly subtle differences between commercial and military technologies, and have prompted renewed interest in ensuring appropriate export controls are applied to applicable technology. However, what disclosure in a patent application is subject to export control can be subtle.

In particular, the situation in Ukraine illustrates the subtleties or overlap between commercial and military technologies and why technologies that are subject to export control may not be immediately apparent. Russian drones reportedly rely on commercially available semiconductors, Russia has accused Google LLC of making available commercially available imagery of their military bases and apparently the Ukraine military is using commercially available drones and commercially available imagery for targeting.

Practitioners are advised to consider export controls while working with clients to patent dual-use technologies. To protect inventors and clients, patent practitioners can advise their clients to have a technology control plan to avoid a disclosure contrary to U.S. export control laws. Also, when patenting dual-use technologies, focusing on the civilian end use can reduce the risk of unintended disclosure.

Export Control

Export control laws aim to protect national security and provide trade protection by preventing the unauthorized disclosure of military technology. An invention may be subject to export controls based on the technology's military end use.

Export of military technology is controlled by International Traffic in Arms Regulations, or ITAR, while Export Administration Regulations, or EAR, provide trade protection.

The U.S. Department of State controls through ITAR, which regulates articles sensitive to U.S. national security, specifically those listed in the U.S Munitions List as well as the related technical data.

The U.S. Department of Commerce regulates through EAR, which controls the export of commercial items, dual-use items, and some low-level military items. Articles that fall under the EAR are classified by Export Control Classification Number. Specific lists and regulations are listed elsewhere.

Exporting can occur in tangible ways, such as publishing or mailing, or intangible ways, such as discussions by phone or email. Also, what is a deemed export — a disclosure to a foreign person — can be subtle.



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A plant tour, a presentation to a foreign national legally in the US, or emailing a colleague can be a deemed export and result in a violation. It is important to note that a violation can still result in penalties, even if the violation is inadvertent.

Once the patent application becomes publicly available the contents are no longer controlled. However, this does not mean information beyond the application can be exported. Accordingly, applicants may need to obtain an export license prior to export of a dual-use technology, regardless of its patent status.

If an export control applies, the client can apply for an export license to authorize the specific export. However, export licenses can take time to acquire, up to 90 days for EAR and more than 90 days for ITAR. There are no exemptions or general licenses authorizing the export of technical data in connection with the preparation of U.S. patents.

Export control laws are to be taken seriously as the penalties can be severe having fines per violation — as detailed in Title 22 of the Code of Federal Regulations, Part 127 — of up to \$1 million and with the possibility of decades in prison time.[1]

Foreign Filing License

A foreign filing license is a license to file a patent application in a foreign country, and should not be confused with an export license. A foreign filing license must be obtained prior to filing a patent application abroad if there is U.S. inventorship. In contrast, an export license authorizes specific export transactions for those technologies subject to ITAR or EAR.

Every U.S. priority application filed in the U.S. Patent and Trademark Office is considered to include an implicit petition for a foreign filing license. The foreign filing license is provided six months after filing, so long as no secrecy order has been imposed, according to Title 37 of the Code of Federal Regulations, Section 5.11(e)(2).

If a U.S. priority application is not desired, then a foreign filing license may be obtained by petition, according to Title 37 of the Code of Federal Regulations, Part 5.12.

Licenses can be provided on an expedited basis, and can even be provided retroactively if the unlicensed foreign filing occurred through error, according to Title 37 of the Code of Federal Regulations, Part 5.25. If a foreign filing license is not obtained, an applicant may be barred from obtaining a U.S. patent or a U.S. patent may be deemed invalid.

Penalties for filing without a foreign filing license are significantly less severe, though still significant, than those provided for violation of export control laws: Filing without a foreign filing license can result in a fine of not more than \$10,000 or imprisonment for not more than two years under Section 35 of the U.S. Code, Section 186.

When the USPTO reviews an application for foreign filing license approval, the application is screened for subject matter that may impact national security.

While patents subject to a secrecy order may be examined, foreign filing may be precluded and allowance in the U.S. may be delayed if the allowed application is placed in "a condition of suspension until the secrecy order is removed," according to Title 37 of the Code of Federal Regulations, Section 5.3. Accordingly, avoiding a secrecy order can be advantageous.

A foreign filing license must be obtained prior to filing a patent application abroad if there is U.S. inventorship. Given the language and importance in the patent application process, clients may be confused about what a foreign filing license permits.

It is important to clarify that this license allows for foreign patent filing, and is not the same as an export license and does not authorize the disclosure of export controlled information.

Practice Tips

When working with clients to patent dual-use technologies, practitioners are advised to confirm the inventors are aware of the export controls applicable to their technologies to ensure there is no disclosure of controlled information. One way to confirm export controlled information is not shared is to encourage clients to have a Technology Control Plan in place to govern dissemination of information.

The technology control plan should indicate the export controls to be considered depending on the technology. Technology control plans will often provide a primary contact responsible for the technology, export control, project information, and procedures to be followed. As applied to the patent process, a technology control plan should provide for internal review to confirm whether an invention disclosure contains information subject to export control under ITAR or EAR prior to disclosure to outside counsel.

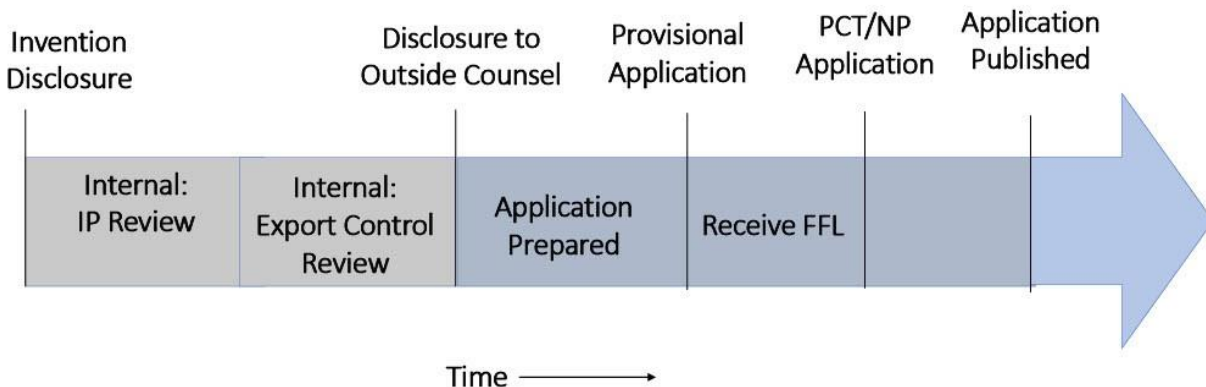
For dual-use technologies, the internal review should also confirm that the invention disclosure does not include any information subject to export control. When developing an application for a dual-use technology, practitioners can confirm with the client prior to submission that the application does not include discloses only civilian end use information subject to export control.

This confirmation can serve as a reminder to inventors and staff of the need to avoid disclosure of information that could be subject to ITAR or EAR.

Confirmation may be provided by consulting with persons within a company responsible the company's technology control Plan, or a client's export control counsel, for example. Further, a board to oversee applications containing technical leaders, patent counsel, and export control personnel can be useful in screening applications.

Confirmation of the end use can help control what information is sent to outside counsel, and avoiding unintended disclosure of technical information, e.g., data, design, application requirements, relevant to the export control end use.

An invention disclosure is first reviewed internally for consistency with the company's IP strategy, then to confirm it does not include information subject to export control. Externally, an application is prepared by patent counsel, a provisional application is filed, and a foreign filing license received. After the foreign filing license is received, an application may be filed outside the U.S. Throughout this process, export controls may apply.



Conclusion

An invention is subject to export controls based on the end use. Avoiding unintended disclosure of export-controlled information is critical, as the penalties can be severe.

Obtaining a patent for dual-use technology, or an aspect of the dual-use technology, or a foreign filing license to pursue a patent in a foreign jurisdiction, is distinct from an export license. A technology control plan, which governs the dissemination of information, can ensure the responsible parties are aware of the potential limits that need to be in effect and can help avoid unintended disclosure.

Further, practitioners should confirm with the client that the application discloses only civilian end use information is not subject to export controls. Practitioners are advised to consider export controls when patenting dual-use technologies, and to work with their clients to ensure efficient patent prosecution and avoid disclosure of export controlled information.

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[1] See 22 C.F.R. § 127 (2012); see also Penalties (doc.gov); see also Understand The ITAR - DDTCC Public Portal (state.gov).