UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

January 11, 2006

[redacted]

Dear Mr. [redacted]

This letter responds to your May 16, 2005 request for an advisory opinion on behalf of the [redacted] concerning your stated understanding of the nexus between export and deemed export requirements under the Export Administration Regulations (EAR), 15 C.F.R. Parts 730-774, and the foreign filing requirements under the United States Patent and Trademark Office (USPTO) regulations, 37 C.F.R. Part 5.

As an initial matter, it may be helpful to clarify the nature of BIS's delegation of authority to PTO. BIS has provided PTO with the authority to license, on BIS's behalf, the export and reexport of technology that is subject to the EAR[1] when the technology is in the form of a patent application or an amendment, modification, or supplement thereto or division thereof. *See* 15 C.F.R. §§ 734.3(b)(1)(v); 15 C.F.R. 734.10(b). Exporters and reexporters who receive proper authorization from the USPTO to export such technology are not required to receive separate BIS authorization. Export authorization from the USPTO may be obtained in the form of a foreign filing license in accordance with USPTO regulations. *See* 37 C.F.R. Part 5. BIS understands that USPTO foreign filing licenses are issued in written form as part of the "filing receipt" for patent applications, or as separate written documents. USPTO foreign filing licenses authorize the export of technical data to a foreign country only for purposes "relating to the preparation, filing or possible filing and prosecution of a *foreign* patent application." 37 C.F.R. § 5.11(b) (emphasis added).

Technology is publicly available and, therefore, outside the scope of the EAR, among other circumstances, if it is included in certain patent applications described in Section 734.10 of the EAR or if it is already published or will be published, as described in Section 734.7. Under the EAR, once a patent application or an amendment, modification, supplement or division thereof, has been filed with the USPTO, and the USPTO has issued a foreign filing license allowing the export of the information, the information contained in the patent application is "publicly available." 15 C.F.R. § 734.3(b)(3)(iv); 15 C.F.R. § 734.10(b). In addition, pursuant to Section

[1] Pursuant to the EAR, technology is the specific information necessary for development, production, or use of a product. *See* 15 C.F.R. § 772.1.

734.7(a)(3) of the EAR, patents and published patent applications available at any patent office are publicly available "published information." 15 C.F.R. § 734.7(a)(3). Technology that is "publicly available," as that term is used in 15 C.F.R. 734.3(b)(3), is not subject to the EAR, and BIS does not regulate its export or reexport. *See* 15 C.F.R. § 734.3(b)(3).[2]

BIS provides the following information regarding your additional understandings:

Additional Understanding 1: During the timeframe from the patent application to the issuance of the patent (unless release earlier by the PTO), the patent information is either export controlled or classified and should be protected as such under the EAR or the applicable export control jurisdictional authority.

Between the time a patent application containing technology that is subject to the EAR is submitted to the USPTO and the time that the USPTO publishes the application or issues the patent, that technology remains subject to the EAR. Depending on the nature of the technology, its destination, the end-user, and the end-use, such technology might require a license from BIS prior to export or reexport.

In some circumstances, the technology included in a patent application would not be subject to the EAR, such as:

- If the patent application has been granted by USPTO as a patent or is open (published) at any patent office. 15 C.F.R. §§ 734.3(b)(3)(i) and 734.7.

- If the patent application or an amendment, modification, supplement or division thereof, has been filed with the USPTO, and the application has been approved for foreign filing either through an explicit USPTO foreign filing license or after six months has elapsed from the filing of the patent application in the USPTO. 15 C.F.R. § 734.3(b)(3)(iv); 15 C.F.R. § 734.10(b).

In addition, in some circumstances, the specific export transaction may not be subject to the EAR:

- If the information contained is prepared wholly from foreign-origin technical data, and the patent application is being sent to a foreign inventor to be executed and returned to the United States for subsequent filing with the USPTO. 15 C.F.R. § 734.10(a)

- If the information is sent to a foreign country before or within six months after the filing of a U.S. patent application, and the information is exported for the purpose of obtaining the signature of an inventor who was in the United States when the

[2] Certain types of encryption software, however, are subject to the EAR, despite their public availability. *See* 15 C.F.R. § 734.3(b)(3).

invention was made or who is a co-inventor with a person residing in the United States. 15 C.F.R. § 734.10(c).

Additional Understanding 2: [ ] ***also understands that, if the inventor is a foreign national who is not a Legal Permanent Resident, it is not required to get a deemed export/export license if such a transfer would typically require one.***

Transfers of technology that is subject to the EAR to "foreign nationals," as that term is used in Section 734.2(b)(2)(ii) of the EAR, in the United States, are treated under the EAR as if they are transfers of such technology to the foreign national's country of origin. Section 734.2(b)(2)(ii) excludes from its license requirements "persons lawfully admitted for permanent residence into the United States and . . . persons who are protected individuals under the Immigration and Naturalization Act (8 U.S.C. § 1324b(a)(3))." If a foreign-national inventor invents, on his or her own, such technology, no deemed export license is required because no transfer has occurred. In addition, the foreign-national inventor's further work involving his or her own invention does not involve a transfer of controlled technology to the foreign-national inventor, and therefore does not require a deemed export license. Any actual transfer to the foreign-national inventor of technology that is subject to the EAR may require a deemed export license, depending on the nature of the technology and the foreign national's country of origin.

Additional Understanding 3: It is also understood that the transfer of the patent information to another foreign national who is not a Legal Permanent Resident, is required to get a deemed export/export license if such a transfer would require one.

As discussed in response to Additional Understanding 1, above, if a patent application has been filed, and the technology underlying the patent is within the scope of the EAR, a transfer of the technology to a foreign national in the United States, as that term is used in 734.2(b)(2)(ii) of the EAR, may require a deemed export license, depending on the nature of the technology and the foreign national's country of origin.

Additional Understanding 4: [ ] ***also understands that information associated with the patent which is not in the patent itself or product made as a result of the patent can still be export controlled and licensable.***

Information associated with a patent that is not in the patent itself and any product made as a result of the patent may be subject to the EAR and, in a particular transaction, may require a license. Determining if such information or product is subject to the EAR requires an analysis separate from analysis of the patent. In addition, the specific facts of the transaction would have to be analyzed to determine if a license is required.

Issue for Clarification 1: Information may be characterized as public domain or publicly available information and not subject to a secrecy order and still subject to regulation under EAR if it relates to encryption software, weapons of mass destruction, scientific research/experimental satellites within the meaning of 22 CFR 121.1(XV(a) or (e).

Software controlled for "EI" reasons under Export Commodity Classification Number (ECCN) 5D002 on the Commerce Control List and mass market encryption software with symmetric key length exceeding 64-bits controlled under ECCN 5D992 is within the scope of the EAR and is not eligible for the public availability exclusion set forth in Section 734.3(b)(3) of the EAR[3]. As such, even when such information is contained in a patent application for which a USPTO foreign filing license has been obtained or in a patent or an open (published) patent application, it remains within the scope of the EAR and may require export authorization from BIS.

In addition, the EAR require U.S. persons to obtain a license to perform any contract, service, or employment that the U.S. person knows will directly assist in specified missile or chemical or biological weapons activities regardless of whether the information transferred is publicly available. 15 C.F.R. § 744.6(a)(2).

Regarding scientific research/experimental satellites within the meaning of 22 C.F.C. §§ 121(XV)(a) or (e), as these items are subject to Department of State's International Traffic in Arms Regulations, such questions should be posed directly to the Department of State.

Issue for Clarification 2: The fundamental research exception to regulation of information under EAR within the meaning of 22 CFR 120.11(8) and 15 CFR 734.8(a) and (b) is available only to accredited universities located within the United States.

The EAR provide that information resulting from fundamental research may be excluded from the scope of the EAR as "publicly available" information. *See* 15 C.F.R. § 734.3(b)(3)(ii). As it relates to university based research, the fundamental research exception is available only to "accredited institution{s} of higher education in the United States." *See* 15 C.F.R. § 734.8(b). Pursuant to Sections 734.8(c) and (d) of the EAR, the fundamental research exemption is also available to certain research based at federal agencies, Federally Funded Research and Development Centers (FFRDCs), and business entities. Research conducted by scientists or engineers who do not work for any of the institutions identified in Section 734.8(b) through (d) is treated as if it is research conducted at a business entity. *See* 15 C.F.R. § 734.8(e). As is explained in response to Question D(8) of Supplement No. 1 to Part 734 of the EAR, it is "the type of research, and particularly the intent and freedom to publish that identifies 'fundamental research,' not the institutional locus."

As explained above in response to Issue for Clarification 1, BIS is unable to provide an advisory opinion regarding interpretation of Department of State regulations. Such questions should be

[3] The EAR use the phrase "publicly available" rather than "public domain" to avoid confusion because the latter phrase is widely used in other areas of the law in ways that may not be fully consistent with the meaning of publicly available in the EAR.

posed directly to the Department of State's Directorate of Defense Trade Controls.

Thank you for your patience during review of this request. If you have any questions or concerns, please contact me in the Office of National Security and Technology Transfer Controls at 202-482-4875.

Sincerely,

Alexander K. Lopes, Jr.
Director, Deemed Exports and Electronics Division
Office of National Security and
Technology Transfer Controls Division