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USPTO Clarifies Its Limited Jurisdiction Over Exports of Technology

On July 23, 2008, the United States Patent and Trademark Office (USPTO) published a *Federal Register* notice clarifying the scope of U.S. export controls on patent-related technology, which can include the technology itself and also a summary description of the technology. Specifically, the USPTO explained that a foreign filing license, which allows U.S. entities to file a patent application in a foreign country, only authorizes a patent applicant to export controlled technology for the limited purpose of filing a patent application in a foreign country. In other words, a separate export license from the U.S. Department of Commerce or other agency may be required prior to exporting technology to a foreign law firm or legal service provider for purposes *other than* obtaining a foreign filing license (e.g., preparing patent applications to be filed in the U.S. or conducting patentability or freedom to operate searches). An export license may also be required for the exchange of technology with a non-U.S.-based inventor or non-U.S. citizen, even within the U.S..

The Commerce Department delegated limited authority to the USPTO to control exports of technology for purposes of filing patent applications in foreign countries. With the exception of defense and nuclear technology, the Commerce Department has jurisdiction for virtually all other U.S. exports of technology that are identified on the Commerce Control List (CCL) of the U.S. Department of Commerce's Export Administration Regulations (EAR), even technology not having national security implications. Under the EAR, exports include more than just the hard copy transmission of technology via mail or facsimile. Rather, exports also include, in part, downloading software from a U.S.-based server or exchanging technical information via telephone or email. Not all technology is listed on the CCL and therefore not all technology is subject to the EAR. Also, not all technology listed on the CCL requires a license for export. For exports of technology specifically, the nationality of the individual who will receive the technology is also relevant for determining whether an export license is required. Encryption software and technology are generally controlled for

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International Trade and Intellectual Property

export and, depending on the classification on the CCL, may require a review by the Commerce Department prior to export.

The penalties for violating U.S. export laws for exports of Commerce-controlled items, including software and technology, recently increased significantly and include civil fines up to \$250,000 per violation and criminal penalties up to \$1 million and/or up to 20 years in prison.

Attorneys in King & Spalding's International Trade and Intellectual Property practice groups work together to counsel clients on issues involving U.S. export controls, technology transfer, and patent prosecution and procurement. Our experience enables our lawyers to assist clients in a variety of industries, including large multinational corporations, financial institutions, biotechnology and pharmaceutical companies, the aerospace industry, and university research facilities.

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