When to Obtain Foreign Filing and Export Licenses

By: Jason A. Fitzsimmons and Tracy-Gene G. Durkin

I. Summary

Two important, but sometimes overlooked issues in patent prosecution, particularly for companies with worldwide patent portfolios, are: 1) when a foreign filing license must be obtained; and 2) how to determine when an export license may be necessary. This information is also particularly relevant to multinational corporations, which may have employees—and potential inventors—that are residents and/or citizens of different countries.

Foreign filing licenses allow for the disclosure of technology to foreign jurisdictions for the limited purpose of filing patent applications abroad. However, it may also be necessary to obtain an export license prior to disclosing certain information to persons in foreign countries or to foreign nationals within the United States. Items that are not subject to the International Traffic in Arms Regulations (ITAR) may still be subject to export controls under the Export Administration Regulations (EAR). Therefore, if a company is concerned that technology may be subject to export controls, it is important to consult the EAR, and also possibly counsel specializing in export control law, prior to communicating information about any technology to company employees outside the United States, or even to company employees who are non-U.S. citizens living in the United States.

A. Foreign Filing Licenses

Foreign filing licenses are required by some countries in order to file a patent application in a foreign country prior to filing a domestic patent application for the same invention. The laws regarding foreign filing licenses vary from country to country, which can potentially cause conflicts for patent applications that include inventors from two or more countries. Accordingly, it is important to review the laws of *each* country in question with regard to inventorship and first filing requirements. By way of example, this discussion focuses on the laws in the United States and Germany[1]. Similar considerations should be made for any country where a patent application will be filed.

1. Inventorship

In the United States, an inventor is anyone who "conceived" of any subject matter that is claimed in a patent application. *See* MPEP § 2137.01. Conception is defined as "the complete performance of the mental part of the inventive act," and is "the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention as it is thereafter to be applied in practice." *Townsend v. Smith,* 36 F.2d 292, 295, 4 USPQ 269, 271 (CCPA 1921); *see also* MPEP § 2138.04. Reduction to practice is generally irrelevant in determining inventorship, except in the instance of simultaneous conception and reduction to practice. *See* MPEP § 2137.01; *see also* MPEP § 2138.05 ("Reduction to practice may be an actual reduction or a constructive reduction to practice which occurs when a patent application on the claimed invention is filed.").

In Germany, it is generally understood that "[a]n invention is thought to have been created as soon as an 'inventor' has conceived a complete and, hence, *executable technical teaching*." Sarah Matheson, *et al.*, AIPPI Group Report Q244 – Inventorship of multinational inventor (2015). This definition substantially corresponds to the definition of inventorship in the United States.

Therefore, if an invention is conceived in the United States, but solely reduced to practice in Germany (i.e., no conception of any of the claimed subject matter occurred in Germany), according to the laws of both countries, the invention is considered to have occurred only in the United States. However, if some of the claimed subject matter in a patent application is conceived in the United States, and other claimed subject matter is conceived in Germany (e.g., further development of the initial invention), the invention is considered to have occurred in both the United States and Germany. The relative "percentage" of the invention conceived in either country is not relevant, only that some portion of the claimed subject

matter is conceived there. It is also irrelevant whether an inventor is a company employee or employed by a third party.

2. First Filing Requirements

The United States and Germany consider different criteria in determining whether a patent application must be filed domestically first. The United States considers where the invention occurred, while Germany considers the nature of the subject matter.

For example, patent applications for inventions conceived in the United States must be filed in the United States first, unless a foreign filing license is obtained to file in a foreign jurisdiction. *See* 35 U.S.C. § 184(a). However, in Germany, patent applications for inventions conceived in Germany may be filed in foreign jurisdictions without a foreign filing license *unless* the application contains a state secret. *See* German Patent Act § 52. In fact, if the application contains a state secret, it does not matter where the invention occurred—it must be filed in Germany first. *Id.*

Other jurisdictions, for example, Denmark, Finland, India, Italy, Portugal, the United Kingdom, France, Israel, and Sweden, consider the *citizenship or residence of the inventors* in determining if an application must be filed domestically first. *International applications and national security considerations*, World Intellectual Property Organization (Dec. 18, 2019), https://www.wipo.int/pct/en/texts/nat_sec.html. Therefore, it is important to understand the requirements of all jurisdictions where invention occurred and where inventors reside or have citizenship before filing a patent application.

B. Export Licenses

As discussed above, foreign filing licenses allow the limited disclosure of information to foreign jurisdictions solely for the purpose of filing patent applications. However, *separate* from a foreign filing license, information regarding certain technologies (typically those which can have military applications) may not be communicated to persons in foreign countries, or to foreign nationals living in the United States, without first obtaining an export license.

The website for the United States Department of Commerce outlines the Export Administration Regulations (EAR)[2], which impose controls on the export of certain technologies that are not regulated by the International Traffic in Arms Regulations (ITAR). The EAR should be consulted when determining whether information related to a product or technology may be subject to export controls.

Other helpful export control resources are provided below:

- Scope of the EAR[3]
- Steps for Using the EAR from the Bureau of Industry and Security[4]
- The Commerce Control List Index[5]

C. Practical Application

In view of the above, companies should consider implementing procedures such as the ones below to ensure compliance with foreign filing and export control requirements.

1. File patent applications in the United States first, or obtain a foreign filing license from the USPTO before filing in any foreign jurisdictions when an invention is at least partially conceived in the United States.

As discussed above, Germany does not impose a first filing requirement except where a patent application includes a German state secret. However, if an invention is at least partially conceived in the United States, a corresponding patent application must be filed first in the United States, or a foreign filing license must be obtained prior to filing in foreign jurisdictions. Accordingly, for inventions that are partially conceived in the United States and partially conceived in Germany, companies should default to filing corresponding patent applications in the United States first. Typically, a foreign filing license is granted on the Official Filing Receipt, which is usually issued by the USPTO within a few weeks after filing a new patent application.

Alternatively, if it is necessary or desired to file a PCT application with a foreign receiving office, or other foreign application first, companies should apply for and obtain a foreign filing license from the USPTO prior to filing abroad.

If a company does not have time to obtain a foreign filing license from the USPTO, but needs or desires to have an application filing date in a foreign country by a certain date, a PCT application may be filed with the USPTO—the United States does not require a foreign filing license for PCT applications so long as the USPTO is the receiving office. Similar to the first filing requirement in the United States for regular patent applications, if any of the inventors in the PCT application are United States nationals or residents, the application *must* be filed with the USPTO, but residents or nationals of any of the PCT Member Countries may file PCT applications with the USPTO as well. *See* 35 U.S.C. § 361; MPEP § 1805. Accordingly, if a company plans on filing a PCT application before a United States non-provisional application is filed, the PCT should be filed with the USPTO as the receiving office.

However, if any of the inventors in a PCT application are from a country (other than the United States or Germany) that has its own first filing requirement, that country may require that the application be filed with a receiving office other than the USPTO. In this scenario, a foreign filing license may need to be obtained from either the USPTO or the foreign country in question prior to filing.

2. Consult the EAR and/or export control counsel prior to collaborating with company employees in other countries.

Export control is a complicated area of the law, so it is advisable to seek the expertise of an attorney who specializes in this area if a company is concerned that its technology may be subject to the EAR. If a particular technology is subject to export controls, an export license may need to be obtained prior to disclosing any information to company employees in another country or non-U.S. citizen employees in the United States. Even if the information is communicated to a foreign national inside a company facility within the United States, that disclosure is still considered to be an "export." *See e.g.*, J. Triplett Mackintosh & Monique A. Tuttle, *Export Control Laws and the Employment of Foreign Nationals*, 10 No. 11 Colo. Emp. L. L1 (2001).

The links provided in Section II.B of this memo may aid in determining whether it is advisable to seek the guidance of counsel specializing in export control law.

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[1] Since we are not German patent attorneys, our analysis is based on our basic understanding of German patent law.
[2] https://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear
[3] https://www.bis.doc.gov/index.php/documents/regulations-docs/2382-part-734-3-14-19/file
[4] https://www.bis.doc.gov/index.php/documents/regulation-docs/411-part-732-steps-for-using-the-ear/file
[5] https://www.bis.doc.gov/index.php/documents/regulations-docs/2329-commerce-control-list-index-3/file