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# Pitfalls of Foreign Patent Filing

## INTRODUCTION

Even though an application for a patent may have survived the scrutiny of the United States Patent and Trademark Office and received the grant of a Letters Patent, the validity of an issued patent is still in peril if a corresponding application for a patent has been filed in a foreign country. The particular perils to be discussed herein are the possibility of the loss of the United States patent, substantial fines and imprisonment. These are the possible consequences of failing to comply with the Invention Secrecy Act (Act),<sup>1</sup> particularly sections 184<sup>2</sup> and 185,<sup>3</sup> the Export Administration Regulations of the Department of Commerce,<sup>4</sup> and the regulations concerning anything on the Munitions List of the Department of State.<sup>5</sup> This article will make recommendations and suggest procedures for avoiding or escaping the perils associated with foreign filing of patent applications. Particular emphasis will be placed upon licenses which may be required by the Patent Office, the Department of Commerce and/or the Department of State.<sup>6</sup>

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1. 35 U.S.C. §§ 181-88 (1970).

2. 35 U.S.C. § 184 (1970). Section 184 provides in relevant part:

Except when authorized by a license obtained from the Commissioner 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 . . . in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the Commissioner pursuant to section 181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been inadvertently filed abroad and the application does not disclose an invention within the scope of section 181 of this title.

The term "application" when used in this chapter includes applications and any modifications, amendments, or supplements thereto, or divisions thereof.

A patent application which is found to contain material potentially damaging to national security is handled by the Patent Office according to the procedure set forth in section 181.

3. 35 U.S.C. § 185 (1970). Section 185 invalidates a patent issued in violation of the license requirement and provides in pertinent part:

Notwithstanding any other provisions of law any person . . . shall not receive a United States patent for an invention if that person . . . shall, without procuring the license prescribed in section 184 of this title, have made, or consented to or assisted another's making, application in a foreign country for a patent . . . in respect of the invention. A United States patent issued to such a person . . . shall be invalid.

In practice this provision has been enforced only when the validity of a patent is determined in an infringement or declaratory judgment suit or when a request for a retroactive license has been made and ultimately refused.

4. 15 C.F.R. § 379.1(b) (1975).

5. Arms, Ammunition and Implements of War, 22 C.F.R. § 121.01 (1975).

6. Previous works have discussed the policy considerations and statutory authority which

The purpose of sections 184 and 185 of the Act is to provide for temporary withholding of all patent disclosures to ascertain whether foreign filing may be detrimental to national security.<sup>7</sup> All new applications received in the Patent Office are screened to determine which should be made available for review. The Patent Office is obligated to foresee the possible interest of defense agencies in pending applications, and to take steps to make them available to such agencies.<sup>8</sup> Section 184 provides that if a patent application is to be filed in a foreign country before the corresponding application has been on file in the United States Patent and Trademark Office for six months, a license to do so must be obtained from the Commissioner of Patents and Trademarks.<sup>9</sup> Such a license, when granted, is included in the record of the corresponding application. The term "application," however, has been broadly defined in section 184 to include "applications and any modifications, amendments and supplements thereto or divisions thereof." The implications of this expansive definition will be explored in detail in this article.<sup>10</sup> The penalty for noncompliance with the requirements of section 184 is that the United States patent will be invalidated under 35 U.S.C. § 185, unless a retroactive license is obtained from the Commissioner of Patents and Trademarks upon a showing of inadvertence in the premature filing.<sup>11</sup> If these requirements are willfully disregarded, additional penalties are set forth in section 186 of the Act.<sup>12</sup>

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underlies the Invention Secrecy Act, Westerman, *International Exchange of Patent Rights and Technical Information for Defense Purposes*, 21 FED. B. J. 152, 159 (1961). The Patent Office procedure relating to secrecy orders and foreign filing is commented upon in J. Benoit, *Foreign Filing and Secrecy Orders*, 1963 AM. PAT. L. ASS'N BULL. 470, and statutory authority and procedural aspects of obtaining licenses from the Patent Office, Department of State and Department of Commerce are considered in Ansell & Hamilton, *Security Considerations in Filing Patent Applications Abroad*, 50 A.B.A.J. 946 (1964). The history and policy behind sections 184 and 185 have been discussed in one law journal article, Comment, 34 GEO. WASH. L. REV. 373 (1965), and a critical view of the effectiveness of these sections is taken by another, Note, 64 MICH. L. REV. 496 (1966). A review of the case law through 1968 has been made by Dr. L. Horwitz in *Patent Office Licenses*, Vol. 9 No. 5, PLD 33 (Jan. 15, 1968), and the present article will update and expand upon his article.

7. These articles have been criticized as ineffectual, Note, 64 MICH. L. REV. 496, 499 (1966).

8. MANUAL OF PATENT EXAMINING PROCEDURE, § 107.01 (3rd ed. rev. 1971).

9. *Id.* § 107. Currently about 800 licenses are requested each month.

10. See text accompanying note 102 *infra*.

11. 35 U.S.C. § 185 (1970).

12. 35 U.S.C. § 186 (1970). Section 186 provides:

Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to section 181 of this title, shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed the invention, or material information with respect thereto, or whoever, in violation of the provisions of section 184 of this title, shall file or cause or authorize to be filed

A majority of courts have been uniform in liberally applying the terms of sections 184 and 185.<sup>13</sup> There have been only three cases where the provisions have been harshly applied. One of these, *Minnesota Mining & Manufacturing Co. v. Norton Co.*, has been reversed;<sup>14</sup> one, *Iron Ore Co. of Canada v. Dow Chemical Co.*,<sup>15</sup> has been contradicted;<sup>16</sup> and the last, *Shelco, Inc. v. Dow Chemical Co.*, was upheld on appeal.<sup>17</sup> Of the latter two cases, *Iron Ore* is of limited scope, but the *Shelco* decision poses serious problems in the Seventh Circuit.

#### SCOPE OF SECTIONS 184 AND 185

Even though the purpose of the Invention Secrecy Act is to maintain national security by preventing premature disclosure of potentially dangerous inventions, sections 184 and 185 are not limited to inventions involving national security. Sections 184 and 185 apply to all cases where foreign patent applications are filed within six months after an application is filed in the United States,<sup>18</sup> including those as obviously unrelated to national security as an application for a girdle<sup>19</sup> or an oven cleaning compound.<sup>20</sup> In the event there has been no application for a patent filed with the United States Patent and Trademark Office, a license is required for all patent applications filed abroad.<sup>21</sup>

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in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than two years, or both.

This provision has not been enforced to date.

13. Note, 64 MICH. L. REV. 496, 497 (1966). This approach is mandated by the remedial nature of a similar provision in the Boykin Act, Act of August 8, 1946, ch. 910, 60 stat. 940, the immediate predecessor of the present Invention Secrecy Act. See *In re Lee and Heineman*, 77 U.S.P.Q. 659 (Comm'r Pats. 1948).

For a view of the legislative history of statutes requiring permission by license to file patent applications abroad, see *Barr Rubber Products Co. v. Sun Rubber Co.*, 253 F. Supp. 12, 15, 149 U.S.P.Q. 204, 207 (S.D.N.Y. 1966); *Minnesota Mining & Mfg. Co. v. Norton Co.*, 240 F. Supp. 150, 153, 145 U.S.P.Q. 81, 82 (N.D. Ohio 1965).

14. 240 F. Supp. 150, 145 U.S.P.Q. 81 (N.D. Ohio 1965), *rev'd*, 336 F.2d 238, 151 U.S.P.Q. 1 (6th Cir. 1965), *cert. denied*, 385 U.S. 1005 (1966).

15. 177 U.S.P.Q. 34 (D. Utah 1972), *aff'd on other grounds*, 500 F.2d 189, 182 U.S.P.Q. 520 (10th Cir. 1974).

16. See *Reese v. Dann*, Comm'r Pats., 185 U.S.P.Q. 492 (D.D.C. 1975).

17. 322 F. Supp. 485, 168 U.S.P.Q. 395 (N.D. Ill. 1970), *rev'd*, 466 F.2d 613, 173 U.S.P.Q. 451 (7th Cir.), *cert. denied*, 409 U.S. 876 (1972).

18. *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 285 F. Supp. 113, 158 U.S.P.Q. 558 (S.D.N.Y. 1968).

19. See *Ex parte Glines*, 159 U.S.P.Q. 181 (P.O. Bd. App. 1968).

20. See *Shelco, Inc. v. Dow Chem. Co.*, 466 F.2d 613, 173 U.S.P.Q. 451 (7th Cir.), *cert. denied*, 409 U.S. 876 (1972).

21. *Ansell & Hamilton, Security Considerations in Filing Patent Applications Abroad*, 50 A.B.A.J. 946, 948 (1964).

The only apparent qualification to the coverage of section 184 is that the invention must be "made in this country." One case, *Sealectro Corp. v. L.V.C. Industries, Inc.*,<sup>22</sup> discussed some of the issues involved in this limitation and determined that an invention is made in the United States when the reduction to practice is made in the United States. The situs of the conception is of no significance in determining where an invention is "made" in the section 184 sense, only the situs of the reduction to practice is of importance, be it constructive or actual reduction to practice. The court, however, was ruling on a motion for summary judgment, and found that an issue of fact had been presented.<sup>23</sup> The court did not determine in which country the invention had been made.

#### ACTIONS COVERED BY SECTION 184

Until a license for foreign filing is obtained, section 184 provides that a person shall not file or cause or authorize to be filed an application in a foreign country unless a corresponding application has been on file in the United States Patent Office for six months. This provision of section 184 was considered by the Patent Office Board of Appeals in *Ex Parte Glines*<sup>24</sup> where an application was sent abroad for filing after a license for foreign filing had been requested but before such license had issued. The Board reasoned that the actual filing is the act intended to be controlled and:

. . . the further words are in modification of such statement of the violation to ward off defensive arguments by reason of the common need to involve agents and other representatives in the chain of accomplishing such filing.<sup>25</sup>

The Board, however, warned others against following such a sequence of events:

This is not intended to commend the order of events followed in this case or to indicate that the part of the law dealing with "cause or authorize" would not be re-examined in a case where the exportation of material for filing compromised the opportunity of the

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22. 271 F. Supp. 835, 153 U.S.P.Q. 610 (E.D.N.Y. 1967).

23. A special warning is in order for design patents under the terms of 35 U.S.C. § 172 (1970). The right of priority for convention filing abroad is only six months, and under the terms of section 184 an application must have a license if it is to be filed before six months has elapsed from the date of the United States filing. A recommended procedure is to include a request for a foreign filing license at the time of filing the design patent application.

24. 159 U.S.P.Q. 181 (P.O. Bd. App. 1968).

25. *Id.* at 182.

defense agencies to accomplish the purposes of the law in question by refusing a license.<sup>26</sup>

The current practice of the Patent Office is in accord with the *Glines* decision and interprets the time of "filing or causing or authorizing to be filed" as the date upon which the application was actually filed abroad, even though the application was sent from the United States at an earlier time.<sup>27</sup>

It should be recognized that neither the *Glines* decision by the Patent Office Board of Appeals nor the practice of the Patent Office are binding upon federal courts, and may not even be persuasive should the courts elect to take a more restrictive view.<sup>28</sup>

Where time is of the essence and a license for filing abroad has not yet issued, an acceptable procedure is to mail the foreign patent application to an agent in the foreign country with the notation that the case may not be filed until further permission is granted. Upon receipt of the license for foreign filing, permission to file the application may then be telexed or cabled to the agent.<sup>29</sup>

#### ON FILE FOR SIX MONTHS

Where an application in respect of an invention has been on file with the United States Patent Office for at least six months, no license is needed to file abroad. A question arose in *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*<sup>30</sup> as to whether the six month waiting period under section 184 commenced at the time of filing the original application, or of filing a subsequent continuation-in-part application.

In *Beckman*, the first application for a patent was filed March 19, 1951, but a patent was never granted upon it. A continuation-in-part of the initial application, containing some new matter, was

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26. *Id.* This warning might apply should a similar sequence of events occur during filing in the U.S.S.R. where, instead of independent patent agents as exist in most countries, the intermediary is the Department of Commerce, and the premature disclosure would effectively be to the Soviet government itself. A similar argument can be made for Communist countries where, even though the patent agents are independent, their consideration for their own nation's security would presumably override the agency relationship.

27. Based on a telephone interview with a spokesman from the Patent Office on October 15, 1975. The current practice has been in effect for approximately a year.

28. All of the retroactive licenses for foreign filing as shown in the cases which were requested antedate by several days the actual filing date in the foreign country. See notes 55, 64 and 65 *infra*. The extra time presumably covers the date the application was mailed from the United States.

29. Again, this procedure may not be condoned for filing in Communist controlled countries where the agent's own national loyalty would presumably override the agency relationship.

30. 338 F.2d 573, 143 U.S.P.Q. 278 (7th Cir. 1964).

filed November 22, 1952 and eventually matured into the patent in question. Applications similar to the continuation-in-part were filed in Great Britain and Germany on November 7, 1952 and November 24, 1952, respectively, and no license for foreign filing was ever requested.<sup>31</sup> Under United States patent practice the continuation-in-part, even though it contains some new matter, was entitled to the filing date of the parent application—March 19, 1951. The plaintiff argued that a similar practice should be applied under section 184 since both applications were for the same invention. The court, however, disagreed, pointing out that the new matter included in the continuation-in-part made it a separate invention not entitled to the earlier filing date under 35 U.S.C. § 184, and that the issued United States patent was invalid. The court then concluded:

The statute would fail of its purpose if an applicant were permitted to file a first application disclosing some features of a secret invention; after a six month period to file a continuation-in-part application disclosing additional essential features, and then without obtaining a license to disclose his invention abroad. It is logical to believe that the insertion of [an expanded definition of "application"] in Sec. 184 was intended to preclude such a result.<sup>32</sup>

A supplemental disclosure to a foreign application, which reveals new subject matter of a continuation-in-part application less than six months after it was filed, has also been found to be a violation of section 184, although the parent has been on file with the Patent Office the required six months.<sup>33</sup> However, a foreign-filed application based on a continuation of a parent United States application does not need a license under section 184 when the parent has been on file the required six months.<sup>34</sup> Nor is a license required for an application covering the same invention as one that has been on file for the requisite time.<sup>35</sup>

#### APPLICATION

The term "application" is defined in section 184 of the Invention Secrecy Act as including not only applications, but any "modifications, amendments or supplements thereto, or divisions thereof." Does this then mean that every response to an action received from

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31. *Id.* at 575, 143 U.S.P.Q. at 279.

32. *Id.* at 576, 143 U.S.P.Q. at 280.

33. *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747, 748, 148 U.S.P.Q. 487, 488 (D. Minn. 1966), *rev'd on other grounds*, 378 F.2d 666, 154 U.S.P.Q. 207 (8th Cir. 1967).

34. *See Kelley Mfg. Co. v. Lilliston Corp.*, 180 U.S.P.Q. 364 (E.D.N.C. 1973).

35. *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160 (N.D. Ill. 1965).

a foreign patent office which requires any modification whatsoever to the specification or claims requires a license under section 184? Apparently not, for the volume of license requests under such an interpretation would completely inundate the Patent Office.<sup>36</sup> The rule that has developed in the case law is where a later application (in its broadest sense) concerns "the same invention,"<sup>37</sup> is directed to "the same subject matter,"<sup>38</sup> or is "substantially identical"<sup>39</sup> to the original or earlier application, the latter application is entitled to the benefit of the same filing date as the original in determining whether the six month period has elapsed. The determination is a question of law, rather than of fact.<sup>40</sup>

According to the Patent Office Rules of Practice,<sup>41</sup> which are entitled to judicial notice,<sup>42</sup> the question of whether an application or response requires a foreign filing license depends upon whether additional subject matter has been disclosed.<sup>43</sup> Where no license is required to file the foreign application, no license is required to file papers in connection with the prosecution of that application which do not involve disclosure of additional subject matter.<sup>44</sup> Similarly, where a license under 35 U.S.C. § 184 has been granted, it includes authority to take any action in the prosecution of the application, provided subject matter additional to that covered by the license is not involved.<sup>45</sup>

The actual policy<sup>46</sup> in the Patent Office is to leave the decision of what constitutes "additional subject matter" up to the attorney handling the foreign filing. If the attorney requests a license, it will be granted. If the attorney decides no license is required and his

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36. At the present time the Patent Office grants, on a monthly basis, approximately 800 ordinary licenses, and less than a dozen retroactive licenses. The Patent Office currently processes an ordinary license for foreign filing in one or two days.

37. See *Blake v. Bassick Co.*, 245 F. Supp. 635, 636, 146 U.S.P.Q. 160, 161 (N.D. Ill. 1965); *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 337 F.2d 573, 575, 143 U.S.P.Q. 278, 280 (8th Cir. 1964).

38. See *Kelley Mfg. Co. v. Lilliston Corp.*, 180 U.S.P.Q. 364 (E.D.N.C. 1973); *Blake v. Bassick Co.*, 146 U.S.P.Q. 157, 158 (N.D. Ill. 1965).

39. See *Allegheny Drop Forge Co. v. Portec, Inc.*, 370 F. Supp. 673, 684, 181 U.S.P.Q. 810, 818 (W.D. Pa. 1974).

40. *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 338 F.2d 573, 577, 143 U.S.P.Q. 278, 280 (7th Cir. 1964).

41. 37 C.F.R. §§ 1-5 (1975).

42. The contents of the Code of Federal Regulations are a codification of the rules published in the *Federal Register*. The contents of the *Federal Register* are required to be judicially noticed. 44 U.S.C. § 1507 (1970).

43. 37 C.F.R. § 5.15 (1975).

44. *Id.*

45. *Id.*

46. Based upon a telephone interview with a spokesman from the Patent Office on October 15, 1975.



judgment is called into question, it is a matter for the courts. If the attorney is uncertain as to whether an application constitutes "additional subject matter," a license should be requested. It is wiser to err on the side of safety.

#### RETROACTIVE LICENSE UNDER 35 U.S.C. 184

Where the premature filing abroad has been inadvertent, it is possible to cure the defect by securing a retroactive license. The authority for the Commissioner of Patents and Trademarks to issue retroactive licenses derives from section 184, which in pertinent part provides that "the license may be granted retroactively where an application does not disclose an invention within the scope of section 181 of this title." The effect of securing the retroactive license is to place the filing in the proper sequence of events.

The Commissioner will grant a retroactive license, when the premature filing was inadvertent and diligence was exercised in discovering such inadvertence and in applying for a retroactive license.<sup>47</sup> This is true regardless of whether the United States patent has issued. The authority of the Commissioner to grant such a retroactive license covering inadvertent premature foreign filing when the application does not disclose any invention within the scope of 35 U.S.C. § 181 has clearly been upheld by the courts.<sup>48</sup>

#### "Within The Scope of Section 181"

The meaning of "within the scope of section 181" was at issue in *Iron Ore Co. of Canada v. Dow Chemical Co.*,<sup>49</sup> an infringement suit. In that case the district court concluded that the phrase encompassed any application actually referred by the Commissioner pursuant to section 181, whether or not a secrecy order<sup>50</sup> is or was granted. The patent in question concerned the making of explosives.

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47. This practice was approved in *In re Rinker and Duva*, 145 U.S.P.Q. 156 (Dec. Comm'r Pats. 1964).

48. *Reese v. Dann*, Comm'r Pats., 185 U.S.P.Q. 492 (D.D.C. 1975); *Iron Ore Co. of Canada v. Dow Chem. Co.*, 177 U.S.P.Q. 34 (D. Utah 1972), *aff'd on other grounds*, 500 F.2d 189, 182 U.S.P.Q. 520 (10th Cir. 1974); *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 285 F. Supp. 113, 158 U.S.P.Q. 558 (S.D.N.Y. 1968); *Minnesota Mining & Mfg. Co. v. Norton Co.*, 366 F.2d 238, 151 U.S.P.Q. 1 (6th Cir. 1965), *cert. denied*, 385 U.S. 1005 (1966); *Davidson Rubber Co. v. Sheller Mfg. Corp.*, 248 F. Supp. 842, 147 U.S.P.Q. 511 (S.D. Iowa 1965); *McCulloch Motors Corp. v. Oregon Saw Chain Corp.*, 245 F. Supp. 851, 147 U.S.P.Q. 175 (S.D. Cal. 1965); *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160, (N.D. Ill. 1965); *McCormick v. Brenner*, Comm'r Pats., 146 U.S.P.Q. 340 (D.D.C. 1965); *Pillsbury Co. v. Brenner*, Comm'r Pats., 146 U.S.P.Q. 99 (D.D.C. 1965); *Englehard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965).

49. 177 U.S.P.Q. 34 (D. Utah 1972).

50. If disclosure of an invention is deemed to be detrimental to the national interest, the Commissioner can order that the invention be kept secret. 35 U.S.C. § 181 (1970).

A parent application had been previously referred for review under section 181, but no secrecy order had been issued. The court found the Commissioner without authority to issue the retroactive license plaintiffs had received, and found the patent subject to the penalty of invalidity specified in section 185.

The *Iron Ore* decision has been criticized and contradicted in a recent decision, *Reese v. Dann, Commissioner of Patents*.<sup>52</sup> In *Reese*, the court held the term "within the scope of" to mean "subject to or previously subject to a secrecy order," and not merely "referred by the Commissioner for consideration by the various government defense agencies," as was found by the *Iron Ore* court. The *Reese* court justified its decision on the basis that the *Iron Ore* interpretation is unnecessarily harsh in view of the inadvertent nature of the filing. The *Reese* court also found that the *Iron Ore* decision gave inadequate deference to the longstanding practice of the Patent Office of issuing a retroactive license under 35 U.S.C. § 184. A retroactive license may be issued to an inventor who has inadvertently filed abroad and the United States application has not actually been the subject of a secrecy order under section 181. Although the conflict between *Iron Ore* and *Reese* has yet to be considered at the appellate level, the *Reese* decision is the better reasoned.

#### *Effect of The Retroactive License*

The granting of a retroactive license cures the defect of inadvertent foreign filing and acts to place the premature filing in the proper sequence of events.<sup>53</sup> This rule went unchallenged in the early cases,<sup>54</sup> but an attack was eventually mounted based upon an interpretation of the last sentence of section 185 of the Act to mean that the retroactive license has no effect once the United States patent has issued.<sup>55</sup> The district court in *Minnesota Mining and Manufacturing Co. v. Norton Co.*<sup>56</sup> was persuaded by arguments that when

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51. *Filing Abroad Without License - Section 184*, 1973 PAT. L. PERSP. § A.9 (1974).

52. 185 U.S.P.Q. 492 (D.D.C. 1975).

53. *Minnesota Mining & Mfg. Co. v. Norton Co.*, 366 F.2d 238, 151 U.S.P.Q. 1 (6th Cir. 1965), *cert. denied*, 385 U.S. 1005 (1966).

54. *Davidson Rubber Co. v. Sheller Mfg. Corp.*, 284 F. Supp. 842 (S.D. Iowa 1965); *McCulloch Motors Corp. v. Oregon Saw Chain Corp.*, 245 F. Supp. 851, 177 U.S.P.Q. 175 (S.D. Cal. 1965); *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160 (N.D. Ill. 1965); *McCormick v. Brenner, Comm'r Pats.*, 146 U.S.P.Q. 340 (D.D.C. 1965); *Pillsbury Co. v. Brenner, Comm'r Pats.*, 146 U.S.P.Q. 99 (D.D.C. 1965); *Engelhard Indus. v. Sel-Rex Corp.*, 145 U.S.P.Q. 319 (D.N.J. 1965).

55. The last sentence of section 185 of the Act provides that: "A United States patent issued to [a] person [who files abroad without a license] shall be invalid." 35 U.S.C. § 185 (1970).

56. 240 F. Supp. 150, 145 U.S.P.Q. 81 (N.D. Ohio 1963), *rev'd*, 366 F.2d 238, 151 U.S.P.Q. 1 (6th Cir. 1965), *cert. denied*, 385 U.S. 1005 (1966).

a patent issues lacking a required retroactive license for premature foreign filing, the patent is invalid ab initio and the Commissioner lacks authority to validate an already invalid patent; and that the wording of section 184 differs from the Boykin Act<sup>57</sup> in that section 184 omits granting specific authority to the Commissioner to save issued patents from invalidity, and that the last sentence of section 185 is absolute and permits no exceptions. On appeal,<sup>58</sup> the Court of Appeals for the Sixth Circuit reversed, citing *Pillsbury Co. v. General Mills, Inc.*,<sup>59</sup> as the basis for its decision.

The court in *Pillsbury* had considered the above arguments, noted they were contrary to the clear weight of authority, and demolished them with the following reasoning:

The broad language as to the right of the Commissioner to grant a retroactive license under Section 184 does not disclose any intention of Congress to limit the Commissioner's authority in this regard to unissued patents. It is not made to appear . . . that the safety of this country has been endangered in any way by the inadvertence of the plaintiff in failing to obtain a license within the six months' period. An interpretation of the law which is needlessly harsh is not justified under the admitted circumstances.<sup>60</sup>

The legislative history of Sections 184 and 185 does not suggest an interpretation of these statutes contrary to the majority holding as above stated. Moreover, it may be noted that in the Minnesota Mining and Manufacturing Co. case, the court, in part, at least, rested its decision by concluding that the word "application" in Section 184 referred to the domestic application for the patent rather than the foreign application for which the license is to be granted.<sup>61</sup>

The court also considered the argument that the granting of a retroactive license in section 184 was provided merely to relieve the violator from the penalties set forth in section 186<sup>62</sup> of the Act and found that:

The argument that the granting of a retroactive license provided for in Section 184 was enacted for the purpose of relieving a violator of Section 185 from the penalties provided in Section 186 would

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57. See note 13 *supra*.

58. *Minnesota Mining & Mfg. Co. v. Norton Co.*, 366 F.2d 238, 151 U.S.P.Q. 1 (6th Cir. 1965), *cert. denied*, 385 U.S. 1005 (1966).

59. 252 F. Supp. 747, 148 U.S.P.Q. 487 (D. Minn. 1966), *rev'd on other grounds*, 378 F.2d 666, 154 U.S.P.Q. 207 (8th Cir., 1967).

60. 252 F. Supp. at 751, 148 U.S.P.Q. at 490.

61. *Id.* at 750, 148 U.S.P.Q. at 489.

62. This argument was also used unsuccessfully in *Ross v. McQuay Inc.*, 257 F. Supp. 14, 150 U.S.P.Q. 510 (D. Minn. 1966).

seem to be without any substance. It is surely less than convincing to urge, as defendant does, that Congress solely intended that the Patent Commissioner, by the issuance of a retroactive license, should render one immune from the penalty provided in Section 186. The intention of Congress was to relieve one of an innocent mistake in failing to comply with Section 184 where it is apparent that the national security of the United States was not involved.<sup>63</sup>

Several other courts<sup>64</sup> considered the reasoning of the district court opinion in *Minnesota Mining*, but none adopted a similar view. Subsequent court decisions have all supported the granting of retroactive licenses to issued patents.<sup>65</sup>

The grant of a retroactive license, since it restores the proper sequence of events, also serves to negate arguments by the defendants in an infringement action that a patentee is equitably estopped as against the infringer because of the infringer's intervening rights arising from manufacture, sale and use prior to the date of procuring the retroactive license.<sup>66</sup>

#### *Requirements For Retroactive License*

The Commissioner's authority to grant a retroactive license for foreign filing is qualified in that the filing abroad must have been inadvertent.<sup>67</sup> The determination of inadvertence is made by the Patent Office from a consideration of the facts which led to the improper foreign filing. A petition for a retroactive license under section 184 which contains only an allegation that filing was inadvertent does not provide the Patent Office with sufficient information to properly evaluate the request for a retroactive license, and such a request will be denied.<sup>68</sup> Upon ultimate denial of the petition for retroactive license, the United States patent application will be rejected if it is still under the jurisdiction of the Patent Office. If the patent has issued, the correspondence relating to the retroactive

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63. *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747, 751, 148 U.S.P.Q. 487, 490 (D. Minn. 1966), *rev'd on other grounds*, 378 F.2d 666, 154 U.S.P.Q. 207 (8th Cir. 1967).

64. See, e.g., *Barr Rubber Prods. Co. v. Sun Rubber Co.*, 253 F. Supp. 12 (S.D.N.Y. 1966), *aff'd in part, rev'd in part on other grounds*, 425 F.2d 1114 (2d Cir.), *cert. denied*, 400 U.S. 878 (1970); *Sun Rubber Co. v. Mattel, Inc.*, 263 F. Supp. 287, 132 U.S.P.Q. 786 (C.D. Cal. 1967); *Union Carbide Corp. v. Microtron Corp.*, 254 F. Supp. 299, 153 U.S.P.Q. 152 (W.D.N.C. 1966), *aff'd*, 375 F.2d 438 (4th Cir. 1967).

65. See *Union Carbide Corp. v. Microtron Corp.*, 375 F.2d 438 (4th Cir. 1967); *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 345 (S.D.N.Y. 1968); *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 157 (N.D. Ill. 1965); *Sun Rubber Co. v. Mattel, Inc.*, 263 F. Supp. 287 (C.D. Cal. 1967); *In re Application Filed Nov. 22, 1952*, 153 U.S.P.Q. 410 (Dec. Comm'r Pats. 1967).

66. See *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 157 (N.D. Ill. 1965).

67. 35 U.S.C. § 184 (1970).

68. *In re Sternau*, 149 U.S.P.Q. 70, 70 (Dec. Comm'r Pats. 1966).

license is made a part of the file, open for inspection by anyone investigating the validity of the patent. The request for a retroactive license therefore must lead to one of two conclusions—either an issued license, or rejection of the United States application or effective loss of the United States patent.<sup>69</sup>

Inadvertence has been characterized by one court as when a “person [does] something by oversight or other accident, i.e., ‘inadvertently’, even when he has notice or once had knowledge that he must not.”<sup>70</sup> A successful showing of inadvertence is commonly predicated upon a detailed explanation under oath of the acts constituting inadvertence by persons who have personal knowledge, submission of copies of documents relating to the filing, disclosure of the actual filing dates in the foreign countries, and an enumeration of remedial measures to be taken. However, inadvertence is not shown where the applicant made a decision at the time of filing that a license was not needed and subsequently changed his mind,<sup>71</sup> or where the applicant’s position has always been that no license was or is necessary to support the foreign filing.<sup>72</sup> The Patent Office will not render an advisory opinion whether such a license is required.<sup>73</sup>

An additional requirement for the grant of a retroactive license is diligence. The Commissioner of Patents has held that it is “clearly incumbent on the [patentee] to apply for a retroactive license with diligence as soon as the need for it became apparent.”<sup>74</sup> For example, the Commissioner did not accept as a reason for a year’s delay between the discovery of inadvertence and the request for a retroactive license the explanation that the patentee was entitled to await the final outcome of an appeal. The Commissioner decided that requisite diligence requires that the request for a retroactive license be made at least no later than when the validity of the patent was challenged.<sup>75</sup>

As long as the required showing of inadvertence and due diligence has been made, a retroactive license may be issued without regard for the time interval since the violation. One case<sup>76</sup> has upheld the

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69. Based upon a telephone interview with a spokesman from the Patent Office on October 16, 1975.

70. *Barr Rubber Prod. Co. v. Sun Rubber Co.*, 253 F. Supp. 12, 21, 149 U.S.P.Q. 204, 211 (S.D.N.Y. 1966).

71. Based upon a telephone interview with a spokesman from the Patent Office on October 16, 1975.

72. *In re Deskey and Lurkis*, 157 U.S.P.Q. 352, 352 (Dec. Comm’r Pats. 1967).

73. *Id.*

74. *In re Application Filed November 22, 1952*, 153 U.S.P.Q. 410, 412 (Dec. Comm’r Pats. 1967).

75. *Id.*

76. *Davidson Rubber Co. v. Sheller Mfg. Corp.*, 248 F. Supp. 842, 147 U.S.P.Q. 511 (S.D. Iowa 1965).

validity of a retroactive license issued almost 17 years after the inadvertent premature foreign filing, while other cases<sup>77</sup> have sustained the validity of a retroactive license for lesser intervals.

It appears to be of no consequence that the license is applied for and received after a law suit has been initiated.<sup>78</sup> However, the license must be granted before trial and before any judicial declaration of invalidity is made or refused.<sup>79</sup> In *Thermovac Industries Corp. v. Virtis Co., Inc.*, the court dismissed a suit for infringement, finding the patent invalid under section 185, and refusing any stay of action pending an application for a retroactive license.<sup>81</sup> The court adhered to this position on motion for reargument.<sup>82</sup> Attorneys' fees were subsequently awarded to the defendant on the basis that plaintiff's attorney was admittedly<sup>83</sup> familiar with sections 184 and 185 at the time of the violation, and that he had later instituted this action for infringement based upon a patent clearly invalid by statute.<sup>84</sup> The attorneys' fees were awarded even though plaintiff's attorney belatedly did secure a retroactive license for his inadvertent filing. However, the court made no determination as to whether a new action could then be brought.<sup>85</sup>

As to whether a retroactive license for foreign filing is necessary for a given set of circumstances, the Commissioner's "decision that

77. See, e.g., *Sun Rubber Co. v. Mattel, Inc.*, 263 F. Supp. 287, 132 U.S.P.Q. 786 (C.D. Cal. 1967) (15 years); *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160 (N.D. Ill. 1965) (15 years); *Union Carbide Corp. v. Microtron Corp.*, 254 F. Supp. 299, 149 U.S.P.Q. 827 (W.D.N.C. 1966), *aff'd*, 375 F.2d 438 (4th Cir. 1967) (12 years); *McCormick v. Brenner*, Comm'r Pats., 146 U.S.P.Q. 340 (D.D.C. 1965) (8 years); *In re Rinker and Duva*, 145 U.S.P.Q. 156 (Dec. Comm'r Pats. 1964) (5 years); *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747, 148 U.S.P.Q. 487 (D. Minn. 1966), *rev'd on other grounds*, 378 F.2d 666, 154 U.S.P.Q. 207 (8th Cir., 1967) (4 years).

78. See, e.g., *Union Carbide Corp. v. Microtron Corp.*, 254 F. Supp. 299, 149 U.S.P.Q. 827 (W.D.N.C. 1966), *aff'd*, 375 F.2d 438, 153 U.S.P.Q. 152 (4th Cir. 1967); *Minnesota Mining & Mfg. Co. v. Norton Co.*, 366 F.2d 238, 151 U.S.P.Q. 1 (6th Cir.), *cert. denied*, 385 U.S. 1005 (1966); *Sun Rubber Co. v. Mattel, Inc.*, 263 F. Supp. 287, 152 U.S.P.Q. 786 (C.D. Cal. 1967); *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 345 (S.D.N.Y. 1968); *Ross v. McQuay, Inc.*, 257 F. Supp. 14, 150 U.S.P.Q. 510 (D. Minn. 1966).

The apparent inconsistency with the fundamental proposition that litigation is to be determined on the basis of the facts as they are at the inception of the litigation has not been recognized by the courts. The granting of the retroactive license after the fact seemingly reconstitutes the facts from the beginning.

79. *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 345, 346 (S.D.N.Y. 1968).

80. 285 F. Supp. 113, 158 U.S.P.Q. 558 (S.D.N.Y. 1968).

81. *Id.* at 114, 158 U.S.P.Q. at 559.

82. *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 345 (S.D.N.Y. 1968).

83. Plaintiff's attorney had been practicing patent law for 20 years.

84. *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 349, 353 (S.D.N.Y. 1968). Since plaintiff's attorney had prematurely foreign-filed applications in violation of 35 U.S.C. § 184, according to the provisions of 35 U.S.C. § 185 the corresponding United States patent is invalid.

85. *Thermovac Indus. Corp. v. Virtis Co., Inc.*, 159 U.S.P.Q. 345, 346 (S.D.N.Y. 1968).

a retroactive license [is] not necessary [has] the same binding effect upon a federal court as the granting of a retroactive license."<sup>86</sup> The Commissioner's finding as to inadvertence is discretionary,<sup>87</sup> not subject to collateral attack in an infringement action by a motion for summary judgment.<sup>88</sup> Only upon a competent showing that the Commissioner's finding was inadequate, arbitrary or capricious may such a decision be opened for judicial review.<sup>89</sup>

#### SCOPE OF A LICENSE FOR FOREIGN FILING

Is it possible to receive a license for filing abroad yet exceed the scope of the license during the foreign filing?<sup>90</sup> One district court found that it is in *Shelco, Inc. v. Dow Chemical Co.*<sup>91</sup> Although the *Shelco* case was criticized,<sup>92</sup> it was affirmed on appeal. The court of appeals arrived at the proper decision, although for the wrong reason. The potential for abuse is serious, since the court's inaccurate analysis may be applied to other patent infringement and invalidation cases.

*Shelco* was a suit for infringement of a patent related to a chemical composition for cleaning ovens. The original patent application disclosed the composition of a cleaning compound containing various chemicals. The presence of a catalyst was essential. The inventor, Kenneth E. Perry, attempted to add by amendment a new, broader claim, not requiring the presence of a catalyst. The amendment was rejected by the Patent Office and Perry abandoned the application. Meanwhile, Perry filed a purported continuation application identical to the first application, except that the claims in-

86. *Kelley Mfg. Co. v. Lilliston Corp.*, 180 U.S.P.Q. 364, 371 (E.D.N.C. 1973).

87. *McCulloch Motors Corp. v. Oregon Saw Chain Corp.*, 245 F. Supp. 851 (S.D. Cal. 1965).

88. *Id.*

89. *Pillsbury Co. v. Brenner, Comm'r Pats.*, 146 U.S.P.Q. 99 (D.D.C. 1965).

90. The relevant portions of the license for foreign filing are that:

License under 35 U.S.C. 184 is hereby granted to file in any foreign country a patent application and any amendments thereto corresponding to the subject matter of the U.S. application identified above and/or any material accompanying the petition.

This license empowers the filing, the causation and the authorization of the filing of a foreign application or applications on the subject matter identified above, subsequent forwarding of all duplicate and formal papers and the prosecution of such application or applications.

This license does not empower the filing of any applications, amendments, supplements, or continuances originating in this country which disclose inventions, modifications, or variations not disclosed in the subject matter identified above.

United States Dept. of Commerce, Patent Office, License for Foreign Filing. Copy on file at Loyola University of Chicago, Law Journal Office.

91. 322 F. Supp. 485, 158 U.S.P.Q. 395 (N.D. Ill. 1970), *aff'd*, 466 F.2d 613, 173 U.S.P.Q. 451 (7th Cir.), *cert. denied*, 409 U.S. 876 (1972).

92. See *Filing Abroad Without License - Section 184*, 1971 PAT. L. DEV. A-9.

cluded the previously rejected broad claim not requiring a catalyst.<sup>93</sup> A continuation-in-part of the second application finally issued as a patent<sup>94</sup> which contained the broadened claims.

Perry applied for and received a license for foreign filing<sup>95</sup> based on the original application covering an oven cleaner requiring a catalyst. An application corresponding to Perry's second United States application was filed abroad in two countries after the license was received but before either the amendment to the first application or the second application had been on file for six months.

The district court, in invalidating the patent and all its claims, specifically found that:

The only foreign license which was ever sought from the Commissioner of Patents and which was ultimately granted, was filed on January 8, 1967 and covered an oven cleaner restricted to the use of a catalyst. . . . No license to file foreign patent applications including the substance of [the claim not including the catalyst], added by amendment to Perry's first United States application on April 20, 1964, was ever sought or obtained.<sup>96</sup>

The Court of Appeals for the Seventh Circuit affirmed,<sup>97</sup> finding that:

The basis for the district court's determination that Perry violated 35 U.S.C. § 184 was its specific finding of fact that the only license applied for with respect to the invention claimed was issued in January 1964. At that time Perry's application . . . claimed that the presence of a . . . catalyst was essential to the invention . . . . However, Perry's original foreign application claimed invention in oven-cleaning compositions which did not include the catalyst and thus exceeded the license.<sup>98</sup>

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93. Memo from W. H. Page, Ass't. Pat. Counsel, UOP, Inc., Des Plaines, Ill., to J. R. Hoatson, Jr., Manager, Pat. Dept., UOP Inc., Des Plaines, Ill., 31 August 1972 [hereinafter cited as Page Memo]. (Copy on file at Loyola University of Chicago, Law Journal Office). A continuation application may contain no new matter. The original Specification and claims stated the necessity of the presence of a catalyst in the oven cleaner. The claims of the foreign-filed application were broader than those of the original United States application because the requirement that a catalyst be included in the oven cleaner was omitted. The broadened claims amounted to new matter, by omission of an element, which could only be supported by a new oath. The broadened claims were drawn to a materially different invention and would require a new license for foreign filing unless the six month waiting period were observed.

94. U. S. Patent No. 3,335,092.

95. *Shelco, Inc. v. Dow Chem. Co.*, 322 F. Supp. 485, 512, 168 U.S.P.Q. 395, 417 (N.D. Ill. 1970).

96. *Id.* at 512, 168 U.S.P.Q. at 417.

97. 466 F.2d 613, 173 U.S.P.Q. 451 (7th Cir. 1972).

98. *Id.* at 617, 173 U.S.P.Q. at 454-55.



The disturbing aspect of *Shelco* is that the court should have found that the added claims covering the catalyst-free composition constituted new matter<sup>99</sup> and therefore required a new license under *Beckman*<sup>100</sup> or under the Patent Office Rules of Practice.<sup>101</sup> Instead, the court based its decision upon the fact that the claims which Perry attempted to add to the original application by amendment were *broader* than the original claims,<sup>102</sup> that "the license specifically stated that subsequent amendments to the original United States patent application were not authorized by it for filing abroad,"<sup>103</sup> and that the application filed abroad contained the broadened claims and thus exceeded the license.<sup>104</sup> There is no indication in the record that either court considered or even realized the distinction between a foreign application exceeding the provisions of a license when the claim is broadened, and a foreign application with claims containing new matter,<sup>105</sup> thus requiring a separate license under *Beckman*<sup>106</sup> and the Patent Office Rules of Practice.<sup>107</sup>

One interpretation of *Shelco* is that "the filing of a foreign application violates section 184, merely because it differed from the original U.S. application by having one or more broadened claims added to it."<sup>108</sup> Such an interpretation would pose serious problems for patentees and their assignees, since many patent attorneys rou-

99. See note 93 *supra*.

100. 338 F. 2d 573, 143 U.S.P.Q. 278 (7th Cir. 1964).

101. 37 C.F.R. § 5.15(a) (1975) provides that:

A license to file an application in a foreign country, when granted, includes authority to forward all duplicate and formal papers to the foreign country and to make amendments and take any action in the prosecution of the application, provided subject matter additional to that covered by the license is not involved. In those cases in which no license is required to file the foreign application, no license is required to file papers in connection with the prosecution of the foreign application not involving disclosure of additional subject matter. Any paper filed abroad following the filing of a foreign application, which involves the disclosure of additional subject matter must be separately licensed in the same manner as an application.

102. 466 F.2d 613, 617, 173 U.S.P.Q. 451, 454-55 (7th Cir. 1972).

103. *Id.* at 617, 173 U.S.P.Q. at 454.

The provision in the License for Foreign Filing that was apparently relied on by the court read: "This license does not empower the filing of any application, amendment, supplements, or continuances originating in this country which discloses invention, modification, or variations not disclosed in the subject matter identified above." However, this provision must be read in light of an accompanying statement in the license that such license "is hereby granted to file in any foreign country a patent application and any amendments thereto corresponding to the subject matter of the U.S. . . . application." United States Dept. of Commerce Patent Office, License for Foreign Filing. Copy on file at Loyola University of Chicago, Law Journal Office.

104. 466 F.2d 613, 617, 173 U.S.P.Q. 451, 455 (7th Cir. 1972).

105. See note 93 *supra*.

106. 338 F.2d 573, 143 U.S.P.Q. 278 (7th Cir. 1964).

107. 37 C.F.R. § 5.15(a) (1975).

108. 87 B.N.A. PAT., T.M. & C.J. A-15 (July 20, 1972).

tinely add an omnibus claim<sup>109</sup> to applications filed abroad. Such a claim is accepted by the patent offices of many foreign nations, even though not permitted under United States patent practice. The added omnibus claim, under this reading of *Shelco*, would be sufficient reason to invalidate the corresponding United States patent under section 185, even though such an invalidation does not fulfill the purpose underlying sections 184 and 185 of providing the Commissioner an opportunity to screen out patents involving national security.<sup>110</sup>

A similar danger of invalidation could exist if the claims filed or allowed abroad were more restricted than the corresponding United States claims.<sup>111</sup>

It is hoped that in a future case the Court of Appeals for the Seventh Circuit will narrow the decision in *Shelco* to specifically hold that a foreign application exceeds a previously granted license when the application is directed to subject matter additional to that covered by the license.<sup>112</sup> Such a holding has far less potential for abuse than the present holding that a foreign application exceeds a license when a claim is broadened.

#### DEPARTMENT OF COMMERCE EXPORT ADMINISTRATION REGULATIONS

Merely sending information concerning an invention out of the country is not a violation of section 184. The filing of a patent application is the activity which is sought to be regulated.<sup>113</sup> Regard-

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109. An omnibus claim, when present, will be the last claim in an issued patent and it claims patent protection for any "method (or process, apparatus, etc.) substantially as hereinafter described." Without an omnibus claim, a patent will receive protection only to the extent of the broadest claim and equivalents to the parts thereof. However, by using an omnibus claim the patentee additionally gets patent protection on all the alternatives described in the specification which are consistent with the broadest claim. Although an omnibus claim adds no new matter, it is still broader in scope than any other claim in the patent.

110. *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160 (N.D. Ill. 1965).

111. The argument could be made that, under *Shelco*, the foreign filing of claims which omitted a feature required in the original claims exceeded the license. So too would claims filed or granted abroad which added rather than omitted an extra feature exceed the license. In each case the foreign claims differ from the U.S. claims by the presence or absence of one feature. See *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 338 F.2d 573, 576, 143 U.S.P.Q. 278, 280 (7th Cir. 1964).

112. Such an action would bring *Shelco* into harmony with the Patent Office Rules of Practice, 37 C.F.R. § 5.15 (1975); *Beckman Instruments, Inc. v. Coleman Instruments, Inc.*, 338 F.2d 573, 143 U.S.P.Q. 278 (7th Cir. 1964); *Pillsbury Co. v. General Mills, Inc.*, 252 F. Supp. 747, 148 U.S.P.Q. 487 (D. Minn. 1966), rev'd on other grounds, 378 F.2d 666, 154 U.S.P.Q. 207 (8th Cir. 1967); and *Blake v. Bassick Co.*, 245 F. Supp. 635, 146 U.S.P.Q. 160 (N.D. Ill. 1965). All these cases generally hold that an application need only be directed to the same subject matter as the original application to receive the benefit of the same filing date for the purpose of 35 U.S.C. § 184.

113. L. Horwitz, *Patent Office Licenses*, Vol. 9 No. 5 PLD 33, at 34 (1969).

less of whether a license is obtained under section 184, all technical data that is exported<sup>114</sup> or released for export<sup>115</sup> must comply with the Export Administration Regulations of the United States Department of Commerce.<sup>116</sup>

The Department of Commerce has licensing jurisdiction over most unclassified technical data<sup>117</sup> exported from the United States. Export may be controlled for any of three purposes: national security, foreign policy, or short supply.<sup>118</sup> Both criminal and administrative sanctions<sup>119</sup> may be employed against any person who violates the regulations.

The Department of Commerce regulations provide that if all regulations of the United States Patent Office for the foreign filing of a patent application have been followed, a patent application containing technical data may be filed in any country under General License GTDA if: (1) a corresponding application has been filed in an "early publication country,"<sup>120</sup> or, (2) the Patent Office has issued a notice that the patent has been scheduled for publication in the United States Patent Office Official Gazette.

The regulations establish a second general license, GTDR, authorizing export of technical data which are not exportable under the provisions of general license GTDA.<sup>121</sup> This license GTDR does

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114. "Export" is roughly defined as transmission of technical data out of the United States, release of technical data of United States origin in a foreign country, or release of technical data with the knowledge or intent that it will be transmitted out of the United States. See specifically the Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 379.1 (b) (1975).

115. "Released for export" is roughly defined as allowing visual inspection of United States origin equipment by foreigners, oral exchanges of information to a foreigner in the United States or abroad, or application to a situation abroad of personal knowledge or technical experience acquired in the United States. See specifically the Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 379.1(b) (1975).

116. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 379 (1975).

117. Exceptions to the licensing jurisdiction of the Department of Commerce are certain specialized items handled by other government agencies, i.e., atomic energy material, arms, ammunition and implements of war, etc. See Dept. of Commerce Export Ad. Regs., Summary, ii (June 1, 1975). The Summary is not printed in the C.F.R., but is included in the Export Ad. Regs available by subscription from any district office of the Dept. of Commerce.

118. Dept. of Commerce Export Ad. Regs., Summary, i (June 1, 1975).

119. Criminal sanctions include a fine of up to \$10,000 and/or imprisonment up to 1 year. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 387.1(a) (1975). Administrative sanctions include denial of export privileges, exclusion from practice before Bureau of East-West Trade, seizure or a fine of up to \$1,000. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 387.1(b) (1975).

120. The term "early publication country" currently refers to Belgium, Costa Rica, Denmark, Ecuador, Finland, France, Honduras, Iceland, Jamaica, Japan, Luxembourg, Netherlands, Nicaragua, Norway, Panama, Portugal, Sweden, Trinidad, Turkey, Republic of South Africa, Southwest Africa (Namibia), Uruguay, Venezuela, and West Germany (Federal Republic of Germany). 15 C.F.R. § 379.3(c)(2) n.1 (1975).

121. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 379.4 (1975).

not allow export: (1) of data relating to certain types of nuclear related experiments<sup>122</sup> or porous nickel,<sup>123</sup> or (2) of data contained in patent applications to certain designated countries.<sup>124</sup>

These two general licenses are "established" by the Department of Commerce to authorize export within the provisions of the Export Administration Regulations. No application is required for use of these licenses and no document is issued.<sup>125</sup> No special marking on the application is required for material exported under the provisions of General License GTDA or GTDR.<sup>126</sup>

Should it be necessary to export technical data under conditions<sup>127</sup> not allowing use of either General License GTDA or GTDR, a validated Export License must be applied for and obtained<sup>128</sup> according to the provisions of the Department of Commerce Export Control Regulations.<sup>129</sup>

#### DEPARTMENT OF STATE MUNITIONS LIST

The exportation of technical data relating to arms, ammunition and implements of war is generally subject to the International Traffic in Arms Regulations<sup>130</sup> of the Department of State. The articles so designated are enumerated in the United States Munitions List.<sup>131</sup> If a patent application complies with the regulations issued by the Commissioner of Patents under 35 U.S.C. § 184, no separate approval from the Department of State is required unless the applicant seeks to export technical data exceeding that used to support a patent application in a foreign country. This exemption from Department of State regulations is applicable regardless of whether a license from the Commissioner is required under section 184.<sup>132</sup>

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122. *Id.* at § 379.4(c)(1)-(3).

123. *Id.* at § 379.4(c)(4) (1975).

124. Currently the countries are Communist controlled nations in eastern Europe and Asia, Cuba, and Southern Rhodesia. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 370, Supp. 1 (1975).

125. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 371.1 (1975).

126. *Id.*

127. For instance, filing solely in communist controlled countries would not be permitted under either General License GTDA or GTDR.

128. Most applications are acted upon within two weeks after receipt in the Office of Export Administration. Applications involving sensitive areas, security and/or policy problems may require a longer processing time. In justifiable emergencies when there is an urgent reason for an application to receive immediate attention, a special emergency clearance may be requested by the applicant, and such special request will usually be handled within one working day. Dept. of Commerce Export Ad. Regs., Summary, vii, ix (June 1975).

129. Dept. of Commerce Export Ad. Regs., 15 C.F.R. § 379.5 (1975).

130. 22 C.F.R. § 121 (1975).

131. 22 C.F.R. § 121.01 (1975).

132. Patents, Trademarks and Copyrights, 37 C.F.R. § 5.18 (a) (1975).

## GUIDELINES AND RECOMMENDATIONS

As a practical matter, the custom of putting a claim in characterizing form, of inserting features from the specification or subclaims into the main claim, and of including commonly accepted definitions into the specification should not require a license under section 184 since no "new" matter is added. The export of additional experimental evidence for inclusion into the specification should at least be licensed by the Patent Office. Affidavits by an expert or inventor, and data for consideration by the foreign patent office and not meant for inclusion into the application should not require a license under Section 184. However, the regulations for Export of Technical Data of the Department of Commerce and the regulations of the Department of State regarding munitions must be fully complied with. When in doubt as to whether a license is required, one should be requested, to avoid possible complications should the patent become involved in litigation.

Every application filed in the United States should contain an omnibus claim if there is any possibility of the application being filed abroad. This claim, although clearly unacceptable to the United States Patent Office, will cost only an extra \$10 to \$12 as an additional independent claim. It will provide an antecedent for the omnibus claim typically included in many foreign applications, as well as support for subsequent amendments abroad which incorporate material from the specification into the claims which may not have been previously found in the claims. The omnibus claim may also protect the patentee from an expanded reading of *Shelco*.<sup>133</sup>

The claims of a foreign application should parallel as closely as possible the claims of the corresponding United States application, or amendments thereof which have been on file for at least six months. If a substantial departure, that is, one which may include additional (new) subject matter, is necessary or desirable, a license for foreign filing should be obtained from the Commissioner of Patents and Trademarks before the application is exported.

A retroactive license covering past actions need not be requested unless the patent actually becomes involved in litigation. Care should be taken, however, to see that the license is requested before the matter comes to trial.

The present licensing provisions for foreign-filed patent applications under section 184, and under the regulations of the Department of Commerce and the Department of State are unwieldy and

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133. Page Memo, *supra* note 93.

confusing. Further, the sanctions under the Invention Secrecy Act are effectively unenforceable unless the validity of a patent is actually litigated or a request for retroactive license denied. The purposes and means for enforcement of the various licensing provisions need to be re-evaluated, and the three licensing functions should be consolidated to reduce confusion.

MICHAEL K. BOSWORTH

#### APPENDIX

##### LICENSING CHECKLIST FOR FILING ABROAD

###### *Patent Office*

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