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The July 2020 issue of Sterne Kessler's Global Patent Prosecution newsletter discusses a patent law loophole pertinent when obtaining and enforcing patents for inventions that can be made, used, or sold in outer space.

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OBTAINING AND ENFORCING PATENTS FOR OUTER SPACE

By: Andrew Stevens and Todd M. Hopfinger

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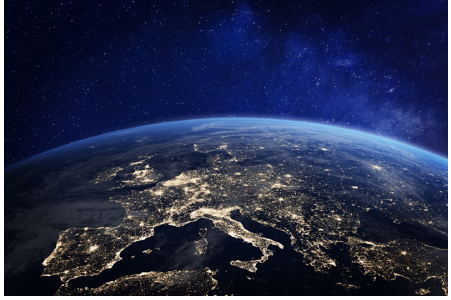

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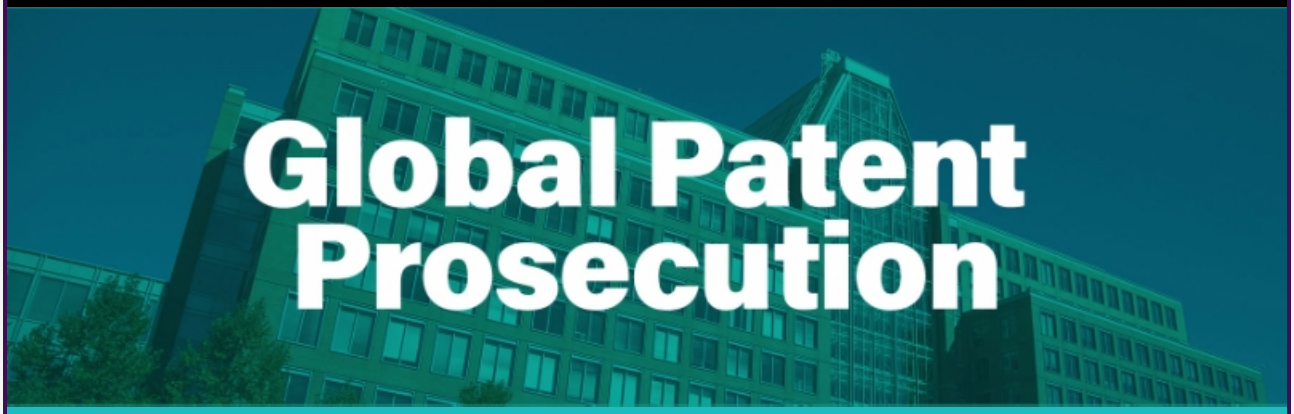

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OBTAINING AND ENFORCING PATENTS FOR OUTER SPACE

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The outer space industry is growing in scale and diversity. By 2040, the global outer space industry could generate revenue of more than $1 trillion.[1] And outer space projects are increasingly becoming entirely commercial ventures. This growth in the outer space industry emphasizes the importance of an effective patent law system for outer space.

Generally, a patent is a jurisdictional protection that provides a right to exclude in the country where the patent is filed. This jurisdictional protection extends a certain vertical distance. But beyond this vertical distance, space law controls.

The United Nations Office for Outer Space Affairs developed several space law treaties and principle sets. Two of these treaties, the Outer Space Treaty of 1967[2] and the Registration Convention of 1975[3], provide the foundation for patent law in outer space. The Outer Space Treaty of 1967 asserts that the country of registration for a space object shall retain jurisdiction and control over the space object while it is in outer space. The Registration Convention of 1975 provides a framework for this registration. The Registration Convention asserts that when a space object is launched, a launching State shall register the space object. The launching State can be (1) a State which launches a space object; (2) a State which procures the launching of a space object; (3) a State from whose territory a space object is launched; or (4) a State from whose facility a space object is launched. Many countries, including the United States, ratified both treaties.

The United States derived the Patents in Space Act of 1990[4] from the international space treaties. With this Act, provided in 35 U.S.C. § 105, the United States became the only country to generally apply its patent law to its objects in outer space. Section 105 provides that inventions made, used, or sold in outer space on a space object under the jurisdiction or control of the United States shall be considered to be made, used, or sold within the United States. However, there are two exceptions. First, United States patent law does not apply to any space object specifically identified by an international agreement to which the United States is a party. Second, United States patent law does not apply to any space object that is carried on the registry of a foreign country in accordance with the Registration Convention. This second exception creates a loophole.

Under Section 105, an entity can avoid patent infringement on an invention in outer space by registering its space object, via a launching State under the Registration Convention, in a

country where the invention has not been patented. For example, consider a situation involving a company incorporated and located in the United States. The company builds a space object based on a competitor's United States patent and uses the space object while in outer space. If the space object was not exempt by an international agreement to which the United States is a party and was registered in the United States, via a launching State under the Registration Convention, then the company may be liable for patent infringement. However, under the Section 105 loophole, if the space object was instead registered in a foreign country where the competitor's technology was not patented, the company may avoid patent infringement because the foreign country retains jurisdiction and control over the space object while it is in outer space. Four categories of consideration related to this loophole are discussed below.

First, when obtaining a patent for an invention that can be made, used, or sold in outer space, a patent application should be filed in every country that is a party to the Registration Convention of 1975. Because this may require significant resources, patent applicants can consider prioritizing patent application filings in the following order: (1) file patent applications in spacefaring countries because of the ability to use these countries as a launching State; (2) file patent applications in technologically-advanced countries and countries in ideal launch locations because of the potential ability to use these countries as a launching State; and (3) file patent applications in developing countries and countries outside ideal launch locations. Patent applicants may find that this prudent approach provides an efficient and technology-conscious resolution to the Section 105 loophole.

Second, when enforcing a patent for an invention that can be made, used, or sold in outer space, there may be several considerations for patent owners. These patent owner considerations include the following:

a. Because of variations in patent law among countries and in the application of such law to a particular country's object in outer space, patent enforcement will likely require a diverse understanding of patent law.
b. In an infringement suit where the allegedly infringing activity occurs in outer space, evidentiary and customs difficulties may arise. For example, if the space object never returns to Earth, there could be evidentiary difficulties in discovery. In another example, if the space object returns to Earth, but to a country where access to customs seizure is unavailable, the same evidentiary difficulties may exist.
c. Patent owners may want to note that the Outer Space Treaty has a supervision requirement. Under Article VI of the Outer Space Treaty, the activities of a non-governmental entity in outer space require authorization and supervision by the entity's home country. This may allow governments to serve as co-parties in infringement suits.
d. Patent owners can consider enforcing their patents against competitors using contract law. For example, patent owners can require a competitor to register their space object in a country where the owner's invention has been patented in exchange for certain consideration. This agreement may address the Section 105 loophole.

Third, to avoid patent infringement on an invention in outer space, an entity can consider registering its space object with the potentially-infringing invention, via a launching State under the Registration Convention, in a country where the invention has not been patented. Additionally, the temporary presence exception, under 35 U.S.C. § 272, may offer some advantages. That is, depending on the country where an entity chooses to register its space object, the entity could avoid patent infringement even if the space object temporarily or accidentally enters United States jurisdiction during flight.

Fourth, there are several leading proposals to consider for the future of patent law in outer space. As early as 2004, organizations such as the World Intellectual Property Organization have proposed a unified patent law and jurisdiction for outer space inventions.[5] This would allow a patent applicant to file a single application that would be universally enforceable throughout outer space. Alternatively, a cooperation treaty mirroring the Patent Cooperation Treaty could include all countries that are party to the Registration Convention, allowing for a more efficient patent application process. Until the Section 105 loophole is closed, patent applicants and owners can consider this discussion when developing their patent portfolio.

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[1] *Space: Investing in the Final Frontier*, Morgan Stanley (Jul. 24, 2020), https://www.morganstanley.com/ideas/investing-in-space.
[2] Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies [Outer Space Treaty], Jan. 27, 1967, 18 U.S.T. 2410, 610 U.N.T.S. 205.

[3] Convention on Registration of Objects Launched into Outer Space [Registration Convention], Jan. 14, 1975, 28 U.S.T. 695, 1023 U.N.T.S. 15.
[4] Patents in Space Act of 1990, 35 U.S.C. § 105 (2012).
[5] World Intellectual Prop. Org., *Intellectual Property and Space Activities*, at 21–22 (Apr. 2004), www.wipo.int/patent-law/en/developments/pdf/ip_space.pdf.

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