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PATENT & TRADEMARK POLICY REPORT JUNE 9, 2017



I. Congressional Developments:

- On Tuesday at 10 am, the House Judiciary Subcommittee on Courts, Intellectual Property and The Internet will hold a hearing titled “[Examining the Supreme Court’s TC Heartland Decision](#)”. Witnesses will include Steven Anderson, Vice President & General Counsel of Culver Franchising System, Inc., Professor Colleen Chien of Santa Clara University School of Law, Professor Adam Mossoff of Antonin Scalia Law School at George Mason University, and John Thorne, Partner at Kellogg, Hansen, Todd, Figel & Frederick, PLLC. Also on Tuesday, at 10:30 am, the House Energy and Commerce Subcommittee on Digital Commerce and Consumer Protection will hold a hearing titled “[Disrupter Series: Update on Internet of Things Opportunities and Challenges](#).”
- On Thursday, Senate Finance Committee Chairman Orrin Hatch (R-UT) [announced](#) the appointment of Shane Warren to serve as the new Chief International Trade Counsel for the Committee. Warren joined the Senate Finance Committee in 2013, serving on the team that led legislative efforts to enact Trade Promotion Authority (TPA). Prior to joining the Committee, Warren served in the Office of the United States Trade Representative (USTR) as Assistant General Counsel. Everett Eissenstat, the former Chief International Trade Counsel, was recently appointed Deputy Assistant to the President for International Economic Affairs and Deputy Director of the National Economic Council (NEC).

II. Administration Updates:

- The U.S. Chamber of Commerce Global Intellectual Property Center (GIPC) has published a profile of Intellectual Property Enforcement Coordinator (IPEC) nominee Vishal Amin, written

Headlines and Highlights:

- USPTO Director Lee resigns; Associate Solicitor Joseph Matal named Acting Director.
- House IP Subcommittee to hold hearing on *TC Heartland* decision.
- EU antitrust authorities announce investigation into Qualcomm’s \$38 billion bid for NXP Semiconductors.
- Senate Finance Chairman Hatch announces Shane Warren as Chief International Trade Counsel for Committee.
- Internet Association releases White Paper on NAFTA modernization priorities.
- World Health Organization releases new “Model List of Essential Medicines.”
- U.S. Chamber of Commerce GIPC publishes profile on IPEC nominee Vishal Amin.

by Frank Cullen, an executive director at the GIPC. Cullen, noting that the Chamber has endorsed Amin’s nomination, argues that Amin “possesses both the experience and the expertise to carry out” the IPEC’s “important mission” of addressing “the remaining inconsistencies in the United States’ IP system.” The profile notes that in Amin’s confirmation hearing, he defined three categories of planned activity for his time as IPEC: “ensuring resources are being used effectively and efficiently; engaging with stakeholders and trading partners to enforce IP laws and combat counterfeit; and improving our IP policy patchwork to address all sectors of the IP space.” Cullen calls this approach “targeted, practical, and comprehensive.” Read more [here](#)

III. USPTO Updates:

- On Tuesday, United States Patent and Trademark Office (USPTO) Director Michelle K. Lee resigned. While Lee did not provide a reason for her resignation, *POLITICO* [reports](#) that it was triggered by the Trump administration’s efforts to divert USPTO fees to pay for Department of Commerce services. The article goes on to state that Lee quit “after deciding that the so-called shared services initiative did not comport with laws governing the Patent Office, in particular the 2011 America Invents Act, which aimed to give the agency greater control over the fees it collects...” Secretary of Commerce Ross denied *POLITICO*’s report, calling it “completely untrue”. The Commerce Department [announced](#) late Wednesday that USPTO Associate Solicitor Joseph Matal will serve as Acting USPTO Director until a permanent replacement is named. Matal previously served as acting Chief of Staff for the USPTO, and before that as General Counsel of the Judiciary Committee for former Senator Jeff Sessions (R-AL), and as Judiciary Committee Counsel to former Senator Jon Kyl (R-AZ), where he was the “principal staff drafter and negotiator of legislation that became the Leahy-Smith America Invents Act.”
- On Tuesday, the USPTO will hold its monthly Patent Quality Chat on “Patent Quality Metrics.” The chat will feature Associate Commissioner for Patent Quality Greg Vidovich and Director of the Office of Patent Quality Assurance Jim Dwyer.

IV. Judicial Updates:

- On June 5, 2017, the Federal Circuit ruled in [Rothschild Connected Devices Innovations, LLC v. Guardian Protection Services, Inc.](#) that the Eastern District of Texas had erred in denying appellant ADS Security’s request for attorney fees pursuant to section 285 of the Patent Act. Section 285 establishes that a “court in exceptional cases may award reasonable attorney fees to the prevailing part.” The Federal Circuit found that the district court had abused its discretion with regard to “Rothschild’s willful ignorance of the prior art,” relying partly on an affidavit by Rothschild’s counsel that he had “not conducted an analysis of any of the prior art asserted in [ADS’s cross-motion] to form a belief as to whether that prior art would invalidate” Rothschild’s patent. The Federal Circuit also found that the district court had erroneously assessed evidence showing that Rothschild had engaged in vexatious litigation, including that it had asserted the relevant patent claim against a large range of technologies in 58 cases, and that it had settled the vast majority of those cases for “significantly below the average cost of defending an infringement lawsuit.” Both Rothschild’s “willful ignorance of the prior art” and the evidence that Rothschild had engaged in vexatious litigation met the “exceptional circumstances” requirement of section 285. Finally, the Federal Circuit held that the district court had erred as a matter of law when

it stated that an attorney fee award under section 285 would contravene the aims of the safe-harbor provision of Rule 11 of the Federal Rules of Civil Procedure, which establishes a 21-day safe harbor for a party to withdraw or correct a challenged paper, claim, defense, contention, or denial before a motion for sanctions can be filed.

- On Thursday, the *Guardian* reported that cereal maker Kellogg's, owner of the trademark "Special K", is suing Australian tennis player Thanasi Kokkinakis for using the trademark as a part of his branding campaign that would include clothing and tennis wear. Read more [here](#).

V. International Updates:

- EU antitrust authorities [announced](#) on Friday that they have opened an investigation into Qualcomm's \$38 billion bid for NXP Semiconductors, citing concern that the transaction could "lead to higher prices, less choice and reduction innovation in the semiconductor industry." EU Competition Chief Margrethe Vestager also cited concern that a Qualcomm-NXP merger could open up the possibility of Qualcomm merging "acquired NFC intellectual property to Qualcomm's patent portfolio," leading to increased royalties and exclusion of competition. Read more [here](#).
- The World Health Organization (WHO) has [released](#) a new edition of its 'Model List of Essential Medicines'. The document aims to list medicines "deemed essential for addressing the most important public health needs." The WHO has added 30 medicines for adults and 25 medicines for children, in addition to specifying new uses for 9 medicines that were already on the list. In what the WHO calls "the biggest revision of the antibiotics section" in the list's "40-year history," the antibiotics section has been grouped into 3 categories (access, watch, and reserve), with recommendations on when each category should be used. That change is intended to "reduce the development of drug-resistant bacteria," among other goals. Speaking to *Intellectual Property Watch*, WHO official Suzanne Hill argued that "the essential medicine list is one of the first steps in the direction of fair pricing because when we designate a medicine as essential, buyers have some leverage in negotiating for the final purchase price." Read more [here](#).

VI. Industry Updates:

- The Internet Association has released a white paper outlining its priorities for renegotiation of the North American Free Trade Agreement (NAFTA). The paper notes that "when NAFTA entered into force in the 1990s," tech-based elements of the economy such as online marketplaces, the sharing economy, and the Internet of Things "were all science fiction." The Internet Association proposes provisions in the areas of intellectual property, digital flows and digital services, and customs and trade facilitation. The white paper argues that NAFTA should "require governments to adopt a strong set of copyright limitations and exceptions, such as the United States system of fair use," and "require that governments adopt strong copyright safe harbors" for online service providers, "modeled on the United States system." Additionally, the Internet Association suggests that an updated NAFTA "require proportionality and due process in copyright enforcement measures," and "prohibit global injunctions against a foreign non-party that is not connected to the underlying dispute." Read the white paper [here](#).

- A *New York Times Magazine* article titled ‘The Internet Is Where We Share – and Steal – the Best Ideas,’ profiles a “growing schism between those driving cultural conversations online and those profiting from them.” The article states that the “internet has become the go-to place to toss out ideas, in the hope that they could lead to a job, but it has also become the place where people go to find the best ideas, creating a lopsided dynamic that tends to benefit people in power.” For example, the piece details how the uploader of a viral photograph sued BuzzFeed for publishing it, and how a film concept discussed on Twitter was taken up by Netflix. The article quotes law professor Ann Bartow as saying, “we aren’t keeping pace with how to serve new types of creators who have never been valued by intellectual-property regimes.” Read more [here](#).
- A recent [article](#) on recode.net by Engine’s Rachel Wolbers discusses the most recent episode of HBO’s popular [Silicon Valley](#) TV show, which took on the issue of patent “trolls.” Wolbers praises the Supreme Court’s recent decision in [TC Heartland Inc. v. Kraft Foods Group Brands LLC](#), and argues that now “[p]atent reform supporters, like the tech industry, must fight back against any legislation that would weaken the important gains realized under Alice v. CLS Bank,” a case which expanded judicially-created exceptions to patent-eligible subject matter and restricted the scope of patent protection, especially for inventions in the life sciences and software fields. Wolbers also argues that “Congress still must address . . . reforms like shifting fees when a plaintiff brings egregiously frivolous suits and staying patent suits filed against end users.”