



AMERICAN CONTINENTAL GROUP

1800 M Street NW | 5th Floor | Washington D.C. 20036
Tel: (202) 327-8100 | Fax: (202) 327-8101

PATENT & TRADEMARK POLICY REPORT MAY 31, 2024



I. Congressional Update:

- On Wednesday, May 29, Senators Marsha Blackburn (R-TN) and Thom Tillis (R-NC), along with Representatives Vern Buchanan (R-FL) and Adrian Smith (R-NE) wrote a letter to Dr. Laurie Locascio, Director of NIST and the Undersecretary of Commerce for Standards and Technology. The letter expressed profound concern about the Draft Interagency Guidance Framework for Considering the Exercise of March-in Rights, criticizing it for posing a risk to U.S. competitiveness and innovation. The authors argued that the Draft Framework "would enable the use of march-in as a misguided tactic to control the prices of a broad range of products derived from government-funded research," which would undermine the purpose of the Bayh-Dole Act. They emphasized the Act's success in promoting U.S. innovation, noting it "generated \$1.9 trillion in U.S. gross industrial output" and "supported 6.5 million jobs" from 1996 to 2020. The letter urged Dr. Locascio to withdraw the Draft Framework, warning that it would "make the U.S. less competitive, less attractive to investment, and less conducive to promoting scientific progress." Read the press release and full letter [here](#).
- On Thursday, May 30, Senator Elizabeth Warren (D-MA), along with Representative Lloyd Doggett (D-TX), pushed for the Department of Commerce to finalize its policy on seizing patents for drugs and other products developed with government funding. They sent a letter urging the Department to finalize the policy, which would allow the government to use march-in rights if it believed the prices of such technologies were too high. Sen. Warren and Rep. Doggett highlighted that an

Headlines and Highlights:

- Republicans Members of Congress Send Letter Urging Withdrawal of Draft March-in Rights Framework
- Warren and Doggett Push for Finalization of Policy on Seizing Patents
- USTR Requests Comments on Modification to Section 301 Investigation of China
- DOJ Holds AI Workshop on Promoting Competition in AI
- Former USPTO Officials Oppose Proposed Rule on Terminal Disclaimers
- WIPO Member States Adopt Historic New Treaty on IP
- Federal Circuit Affirms PTAB Decision on Express Mobile Patent

In the Blogs:

- **IPWatchdog:** [NYIPLA Questions Need for Double Patenting Doctrine Under Current U.S. Patent Law](#)

analysis of public comments showed "85% were in favor" of the proposal. The proposed policy, announced by the Biden administration in December, aims to lower prescription drug prices by granting additional licenses to third parties if the original patent holders do not make their products available on reasonable terms. Despite opposition from the U.S. Chamber of Commerce and the pharmaceutical industry lobby group PhRMA, Warren and Doggett emphasized the "overwhelming support for the framework" from the public. Read more [here](#).

II. USPTO Updates:

- On Tuesday, May 28, a group of five former Directors, Deputy Directors, and Patent Commissioners at the U.S. Patent and Trademark Office (USPTO) wrote a letter to current USPTO Director Kathi Vidal, urging her to immediately withdraw a proposed rule on terminal disclaimers. The former officials, including Andrei Iancu and David Kappos, expressed concern that the rule would "create enforceability issues for companies making use of terminal disclaimers to obtain patent rights." The notice of proposed rulemaking (NPRM) introduced in early May would require patent applicants to agree that any patent tied by terminal disclaimer to another patent with invalidated claims would be unenforceable. Critics argue this change represents "a dramatic (and possibly illegal) departure from the normal process of considering each patent claim on its own merits." The former USPTO officials believe the rule would negatively impact innovation and the cost of obtaining patents, particularly for independent inventors, and warned that it could be challenged as exceeding the agency's statutory rulemaking authority. Read more [here](#).

III. Administration Updates:

- On Tuesday, May 28, the Office of the U.S. Trade Representative (USTR) issued a request for comments in the Federal Register regarding proposed modifications to the 301 Investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation. This investigation, initiated in 2018, found that China's policies were "unreasonable or discriminatory and burdened or restricted U.S. commerce," leading to actions under section 307(c)(2) of the Trade Act. Directed by President Biden, the current proposal includes increasing or adding ad valorem rates of duty on various Chinese imports in strategic sectors, such as batteries, electric vehicles, medical supplies, critical minerals, semiconductors, cranes, solar cells, and steel and aluminum products, with changes taking effect in phases from August 1, 2024, to January 1, 2026. Additionally, the USTR proposes a temporary exclusion process for specific machinery used in domestic manufacturing and 19 temporary exclusions for solar manufacturing equipment, effective until May 31, 2025. The USTR is seeking public comments on the effectiveness, economic impact, and scope of these proposed modifications, with a comment period open from May 29, 2024, to June 28, 2024, via their online portal. Read more [here](#)
- On Thursday, May 30, the Department of Justice (DOJ) hosted an AI workshop at Stanford University on Promoting Competition in AI. The goal of the event was to discuss competition and AI industry structure, including competition in AI models, semiconductors, the cloud, and AI applications. In a series of panels, presentations and remarks, government and industry representatives, academics from both law and business, content creators, inventors, and other

tech industry stakeholders explored how competition at one level of the AI stack affects other AI technologies, how standards and accountability systems can be designed to promote competition, and the challenges AI poses to content creators. There were a number of speakers including Assistant Attorney General for Antitrust Jonathan Kanter, USPTO Director Vidal and a recorded message from Senator Klobuchar. The DOJ is also asking for comments from the public on the topics covered by this workshop. Interested parties may submit public comments online now through July 15, 2024, at ATR.2024AIworkshop@usdoj.gov. A full summary of the speakers and the livestream link is available [here](#). In an article published on Friday, May 31, by *NBC News*, Assistant Attorney General for Antitrust, Jonathan Kanter, addressed the economic impact of generative AI systems and how antitrust laws may apply. He specifically mentioned that compensation to creators is an area of concern for the department stating, “What incentive will tomorrow’s writers, creators, journalists, thinkers and artists have if AI has the ability to extract their ingenuity without appropriate compensation?” Kanter said. “The people who create and produce these inputs must be properly compensated... Absent competition to adequately compensate creators for their works, AI companies could exploit monopsony power on levels that we have never seen before, with devastating consequences,” Kanter said. Read more [here](#).

IV. Judicial Updates:

- On Tuesday, May 28, the U.S. Supreme Court denied Jodi A. Schwendimann's petition for certiorari, effectively ending her bid to review the permissibility of Rule 36 affirmance by the U.S. Court of Appeals for the Federal Circuit (CAFC). Schwendimann's petition questioned whether the CAFC could issue a Rule 36 affirmance without clarifying which claim construction it deemed correct when two different venues issued inconsistent claim constructions. According to Schwendimann, this practice leaves "the Patent Owner – and the public – to guess which of these alternative scenarios the Federal Circuit actually intended." The Rule 36 judgment allows the CAFC to affirm decisions without an opinion when certain conditions are met, avoiding a written opinion that lacks precedential value. Critics argue that this practice creates "uncertainty and confusion," as articulated in Schwendimann's petition. Neenah, Inc. argued that only the Board's claim constructions were under review by the Federal Circuit. Previous challenges to Rule 36 have been denied certiorari, with cases like *Bobcar Media, LLC v. Aardvark Event Logistics, Inc.* claiming that Rule 36 practice "has gotten out of hand" and undermines fundamental justice principles. Read more [here](#).
- On Tuesday, May 28, the U.S. Court of Appeals for the Second Circuit upheld a New York district court's ruling that Now-Casting Economics, Ltd. (NCE) did not infringe Economic Alchemy LLC's (EA) trademarks "NOWCAST" and "NOW-CAST." EA had accused NCE of infringement in 2016, but NCE proved it had been using the marks in the U.S. since February 2011, predating EA's 2013 trademark registrations. NCE sought a declaratory judgment of non-infringement in 2018, while EA counterclaimed for trademark infringement. The district court dismissed EA's complaint and granted summary judgment for NCE. The Second Circuit confirmed that EA failed to prove its marks were protectable, especially after their cancellation by the USPTO, and recognized NCE as the first user of the marks.
- On Wednesday, May 29, the U.S. Court of Appeals for the Federal Circuit (CAFC) affirmed a Patent and Trial Board (PTAB) decision rejecting Express Mobile's website generation

patent claim on grounds of obviousness. The PTAB's rejection of claim 1 of Express Mobile, Inc.'s U.S. Patent No. 6,546,397 (the '397 patent) was supported by substantial evidence. The litigation, stemming from an ex parte reexamination initiated by a third party, involved the combination of teachings from prior art. Express Mobile argued that the PTAB misapplied the term "substantially contemporaneous," which required user-selected settings to be reflected nearly immediately in the display. However, the CAFC upheld the PTAB's findings that the prior art disclosed simultaneous editing and display, dismissing Express Mobile's interpretation of delays implied by terms like "eventually" and "periodically." Ultimately, the Federal Circuit found no grounds to overturn the PTAB's decision, affirming the invalidation of claim 1 for obviousness. Read [here](#).

V. International Updates:

- On Friday, May 24, member states of the World Intellectual Property Office (WIPO) approved a new treaty on intellectual property (IP), genetic resources, and associated traditional knowledge after decades of negotiations. This treaty is the first WIPO treaty to include measures for Indigenous Peoples and local communities. Once binding, it will establish an international law requiring patent applicants to disclose the origin of genetic resources and associated traditional knowledge used in their inventions. WIPO Director General Daren Tang stated, "Through this, we are showing that the IP system can continue to incentivize innovation while evolving in a more inclusive way, responding to the needs of all countries and their communities." Read more [here](#).