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## PATENT & TRADEMARK POLICY REPORT MAY 24, 2024



### I. Congressional Update:

- On Monday, Senator Thom Tillis (R-NC) and Representative Victoria Spartz (R-IN) sent a letter to USPTO Director Kathi Vidal, urging her to bolster the Ukrainian National Office for Intellectual Property and Innovations (UANIPPIO) amid the ongoing war with Russia. The letter highlighted that the number of PCT applications in 2022 dropped by over 40% compared to pre-war levels, jeopardizing UANIPPIO's financial stability and the employment of its skilled examiners. Despite the challenges, UANIPPIO maintained a perfect score for timely transmission of international search reports. Tillis and Spartz proposed three initiatives: establishing a Patent Prosecution Highway pilot program, authorizing UANIPPIO to act as an international searching authority for USPTO applications, and providing capacity-building programs for Ukrainian patent examiners through the USPTO's Global Intellectual Property Academy. This support aims to mitigate the war's intellectual property implications and strengthen UANIPPIO's capacity. Read more [here](#).
- On Tuesday, May 21, the Senate Judiciary Committee held a hearing on "Ensuring Affordable & Accessible Medications: Examining Competition in the Prescription Drug Market." Overall, the hearing focused on bipartisan concerns over high drug prices and perceived patent abuses. Participants identified several factors contributing to the issue, including product hopping, patent thickets, pay-to-delay settlements, pharmacy benefit managers (PBMs), international pricing disparities, and regulatory barriers. Witnesses Arti Rai, William Feldman, and David Mitchell emphasized patent abuses as a primary cause of high drug costs, while others such as Adam Mossoff and Jocelyn Ulrich

### Headlines and Highlights:

- Tillis, Spartz Urge USPTO Support for Ukraine Amidst Russian Conflict
- Senate Judiciary Committee Holds Hearing on Prescription Drug Market Competition
- USPTO Seeks Nominations for Patent and Trademark Public Advisory Committees
- USPTO Introduces Enhanced Trademark Search Builder Feature
- USPTO Issues Updated Guidance on Design Patent Obviousness Post-LKQ Decision

### In the Blogs:

- **IPWatchdog:** [Tillis Tells Judiciary Committee That Hyper-Focus on Patents Has Led to Lack of Progress on Drug Pricing](#)
- **IPWatchdog:** [C4IP Urges Senate Judiciary to Ignore Common Myths About Drug Patents](#)
- **IPWatchdog:** [Why are the FDA and USPTO Ignoring Requests for Info on I-MAK?](#)

primarily blamed PBMs. Several solutions were discussed, including the following bills: Interagency Patent Coordination and Improvement Act (S. 79), the Affordable Prescriptions for Patients Act (S. 150), the Stop Significant and Time-Wasting Abuse Limiting Legitimate Innovation of New Generics (Stop STALLING) Act (S. 148), and the Preserve Access to Affordable Generic and Biosimilars Act (S. 142), among others. Participants also discussed the Biden administration's proposed framework on march-in rights under Bayh-Dole, with some expressing steep concern for its implications on the patent system overall and others speaking in support of the framework. A full ACG memo can be provided upon request.

## II. USPTO Updates:

- On Monday, the USPTO announced its call for nominations to fill upcoming vacancies on the Patent Public Advisory Committee (PPAC) and Trademark Public Advisory Committee (TPAC). The agency seeks to appoint up to three new members for each committee, with a three-year term starting on December 1, 2024. Nominations must be submitted electronically by July 5, 2024, as detailed in the Federal Register Notice titled "Patent and Trademark Public Advisory Committees." Kathi Vidal, Under Secretary of Commerce for Intellectual Property and Director of the USPTO, emphasized the importance of diverse viewpoints on PPAC and TPAC, which play a critical role in advising the Director and supporting the USPTO's mission to foster and protect innovation. Established in 1999 through the Patent and Trademark Office Efficiency Act, these committees advise the Secretary of Commerce on patent and trademark operations management. Each committee comprises nine voting members serving at the pleasure of the Secretary of Commerce, each with a three-year term.
- On Monday, the USPTO introduced the Trademark search builder feature to enhance trademark searches. This new tool serves as a middle ground between using the drop-down menu and searching by field tag, allowing users to create complex searches even if they're not familiar with search syntax. To utilize the search builder, users can select "Field tag" and "Search builder" in the drop-down menu, then choose their desired field and enter their search term. Clicking "Build" enables users to refine their search further by adding more criteria. For those interested in learning more about the search builder, the USPTO will cover it in their federal trademark searching webinar series starting June 7.
- On Wednesday, the United States Patent and Trademark Office (USPTO) issued a memorandum to provide updated guidance and examination instructions effective immediately on evaluating obviousness in design patent applications and design patents in light of the en banc Federal Circuit decision in *LKQ Corp. v. GM Global Tech. Operations LLC*, No. 2021-2348 (Fed. Cir. May 21, 2024) (LKQ). The Federal Circuit concluded "that the Rosen-Durling test requirements—that (1) the primary reference be 'basically the same' as the challenged design claim; and (2) any secondary references be 'so related' to the primary reference that features in one would suggest application of those features to the other—are improperly rigid." In place of Rosen-Durling, the Court provides a more flexible approach which amounts to a restatement of KSR for design patent claims while recalibrating the helpful aspects of Rosen, namely starting with a "primary reference" that is "something in existence" and "visually similar" to the claimed design to protect against hindsight. The USPTO is continuing to study LKQ, and further guidance will be forthcoming. Read the memorandum [here](#).

### III. Judicial Updates:

- On Monday, in *Dragon Intell. Prop. LLC v. Dish Network L.L.C.*, 22-1621, 22-1777, the Federal Circuit, led by Chief Judge Moore, upheld a district court's decision to deny attorney's fees in parallel inter partes review (IPR) proceedings. Dish and Sirius XM had argued that they deserved fees as the IPR proceedings were integral to Dragon's infringement case. However, the Federal Circuit disagreed, stating that 35 U.S.C. § 285 does not grant fees for voluntary invalidity challenges through IPR proceedings. Despite Dragon suing for infringement in district court, Dish and Sirius XM chose to seek IPR. In dissent, Judge Bencivengo contended that Dish and Sirius XM were effectively compelled to challenge validity due to the infringement suit, and the IPR was not parallel since the district court had paused its litigation awaiting the USPTO's decision.
- On Tuesday, in an opinion by Judge Stoll, the Federal Circuit, sitting en banc, vacated and remanded a panel decision that held GM Global's design patent for an automobile front fender nonobvious. LKQ argued that the Rosen-Durling test for determining design patent nonobviousness was contrary to the Supreme Court's decision in *KSR v. Teleflex* and should be overturned. The Federal Circuit agreed, stating that Rosen-Durling contradicted the "expansive and flexible" approach to obviousness mandated by 35 U.S.C. § 103 and the Supreme Court. Rosen's "basically the same" standard overly restricted primary prior art references and prematurely ended the analysis, while Durling's "so related" standard was also rigid and inflexible. Both standards were inconsistent with the Supreme Court's emphasis on the "ordinary skill of workmen of the trade" in *Smith v. Whitman Saddle*. Moving forward, nonobviousness in design patents will be determined using the *Graham v. John Deere Co.* factor test.
- On Tuesday, in *Core Optical Techs., LLC v. Nokia Corp.*, 23-1003, the Federal Circuit, in an opinion by Judge Taranto, vacated a district court's summary judgment that Core Optical lacked standing to sue for infringement. Nokia had argued that Dr. Mark Core's assignment to Core Optical was invalid because the patent rights were automatically assigned to Dr. Core's employer, TRW, at the time of invention. The Federal Circuit found the assignment clause ambiguous, noting that while Dr. Core's employment agreement with TRW did automatically assign rights to TRW, it included an exception for inventions "developed entirely on [Dr. Core's] own time." Given that both parties' interpretations of the contract were reasonable, the court remanded for fact-finding to determine the parties' mutual intent.
- On Thursday, in *Speck v. Bates*, 23-1147, the Federal Circuit, in an opinion by Judge Dyk, reversed a USPTO determination that Bates' claims for a drug-coated balloon catheter were not time-barred under 35 U.S.C. § 135(b)(1). The court agreed with Speck's argument that the USPTO had erred by applying a one-way test to determine whether Bates' post-critical date claims were materially different from his earlier applications. The Federal Circuit held that "precedent and policy favor application of a two-way test." Bates had amended his application to claim a catheter "free of a containment material atop the drug layer" after Speck's critical date. Under the two-way test, the court found Bates' post-critical date claims to be materially different, noting that these claims allowed for the inclusion of the drug within the containment layer, unlike the pre-critical date claims. The court emphasized a presumption of materiality for claim limitations added in response to an office rejection.

- On Thursday, in *Luca McDermott Catena Gift Trust v. Fructuoso-Hobbs SL*, 23-1383, the Federal Circuit, in an opinion by Judge Lourie, dismissed Luca McDermott’s petition to cancel Fructuoso-Hobbs’s registered marks ALVAREDOS-HOBBS and HILLICK AND HOBBS for likelihood of confusion and fraud. The court agreed with Fructuoso-Hobbs’s argument that Luca McDermott lacked statutory standing to seek cancellation because it did not own the allegedly infringed mark. The Federal Circuit found that Luca McDermott’s interests did not fall within the statute’s “zone of interest,” as it held only a minority ownership in Hobbs Winery, the actual owner of the mark. Consequently, any infringement would not directly impact Luca McDermott’s commercial activities, lacking a “legitimate commercial interest,” and there was no proximate causation between the alleged infringement and any injury to Luca McDermott, as its injury was merely derivative of any harm to Hobbs Winery.