

PATENT & TRADEMARK POLICY REPORT

APRIL 18, 2019



I. Congressional Developments:

- On Wednesday, Senate Judiciary Committee IP Subcommittee Chairman Thom Tillis (R-NC) and Ranking Member Chris Coons (D-DE) joined House Judiciary Committee Ranking Member Doug Collins (R-GA), IP Subcommittee Chairman Hank Johnson (D-GA), and Rep. Steve Stivers (R-OH) to release a [framework](#) to reform Section 101 of the Patent Act. Among other revisions, the draft outline proposes eliminating, within the eligibility requirement, that any invention or discovery be both “new and useful,” and instead simply require that the invention meet existing statutory utility requirements. It also suggests defining, in a closed list, exclusive categories of statutory subject matter which alone should not be eligible for patent protection. According to the document, such categories could include fundamental science principles; products that exist solely and exclusively in nature; pure mathematical formulas; economic or commercial principles; and mental activities. Read more [here](#).
- Late last week, Reps. Bill Pascrell (D-NJ), Rosa DeLauro (D-CT) and over 80 of their colleagues sent a letter to U.S. Trade Representative (USTR) Robert Lighthizer stating that Mexico must pass meaningful labor reforms that fully meet the obligations outlined in Article 3 of Annex 23-A of the United States-Mexico-Canada Agreement (USMCA) before the lawmakers will consider advancing legislation to implement the pact. While noting that current draft legislation in the Mexican legislature “meets and exceeds” some of the obligations in the Annex, the lawmakers caution that the Annex “must not be allowed to become a game of multiple choice, in which the Parties can pick and choose which obligations they want to enforce.” Read more [here](#).

Headlines and Highlights:

- Sens. Tillis and Coons join Reps. Collins, Johnson, and Stivers to release Section 101 reform framework.
- U.S. Supreme Court hears oral arguments in *Iancu v. Brunetti*, will consider whether the prohibition on the federal registration of “immoral” or “scandalous” marks is facially invalid under the free speech clause of the First Amendment.
- Next TPAC quarterly meeting on April 26th.
- Qualcomm and Apple announce an agreement to dismiss all litigation between the two companies worldwide.
- Mexican lawmakers advance labor reform legislation through the lower house, Senate expected to begin debate on the proposal next week.

- Late last week, House Ways & Means Chairman Richard Neal (D-MA) and Trade Subcommittee Chairman Earl Blumenauer (D-OR) led a letter from committee Democrats to USTR Lighthizer insisting that “successful passage of domestic labor law reform in Mexico is a necessary first step” to securing their support for the USMCA. According to the letter, the members are particularly concerned about the enforceability of the violence and intimidation provision in the new agreement. Members are also concerned that the dispute settlement mechanism application to USMCA’s labor obligations is “designed to be easily frustrated and will be ineffective.” Read more [here](#).
- On Wednesday, the House Ways & Means Committee Democrats followed up with a letter to the USTR raising concerns about the potential environmental impact of the USMCA. According to the letter, the proposal’s environment chapter “fails to incorporate the May 10 framework requiring parties to adopt, maintain, and implement all seven of the relevant multilateral environmental agreements.” The lawmakers also express disappointment that the USMCA does not include provisions to mitigate the effects of climate change and the rules governing trade of illegally taken animals, animal products, plant, and plant products in the final proposal “appear to be nowhere near equivalent to U.S. law.” Read more [here](#).

II. Administration Updates:

- At an event in Minnesota on Monday, President Trump reiterated his threat to impose tariffs on European car markets if the EU does not open up its markets to U.S. farmers. Senate Finance Committee Chair Chuck Grassley (R-IA) [suggested](#) that any deal that omits agriculture is “unlikely” to earn Congressional approval. On the other hand, the EU’s negotiating objectives for a potential new trade deal with the U.S. focuses exclusively on eliminating tariffs on industrial goods—noticeably excluding agricultural products from the target list. Ironing out the two countries’ differences on agriculture will be essential if EU Trade Commissioner Cecilia Malmström is to realize her goal of wrapping up negotiations before the European Commission’s term ends in October. Read more [here](#) and [here](#).

III. USPTO Updates:

- The next Trademark Public Advisory Committee (TPAC) quarterly meeting will be held on Friday, April 26th. More info. [here](#)
- The USPTO is holding two special events this month in celebration of World IP Day and this year’s theme, “Reach for the Gold: IP and Sports.” On Monday, April 22nd, from 11:00 AM – 12:00 PM ET the USPTO is holding a discussion at the USPTO headquarters with former professional football player and entrepreneur Shawn Springs and Deputy Director of the USPTO Laura Peter. More info. [here](#).
- On Monday, April 29th, the USPTO is holding a celebration of World Intellectual Property Day from 4:00 PM – 6:30 PM in the Rayburn House Office Building Foyer. The keynote speaker is Dr. Phil Wagner, CEO of Sparta Science and other speakers will include Deputy Director of the USPTO Laura Peter, Deputy Director General of the World Intellectual Property Organization John Sandage, and members of Congress. Presentations will be held from 4:00 PM – 5:30 PM with a reception to follow. More info. [here](#).
- On April 25th, from 9:00 AM ET – 5:00 PM ET, the USPTO is hosting a China Intellectual Property Road Show at the Sanford School of Public Policy, Duke University. The free

program brings together experts from the U.S. government, IP attorneys, and local business people to share their insights on ways that U.S. rights holders can protect their IP in China. This event is part of a series of China IP Road Shows the USPTO is conducting across the country. More info. [here](#).

- The Patent Trial and Appeal Board (PTAB) designated three decisions as precedential this week. First, *Adello Biologics LLC v. Amgen Inc.*, Case PGR2019-00001 (PTAB Feb. 14, 2019) (Paper 11), which grants Petitioners' Motion to Update their Mandatory Notices before the institution of trial and denies Patent Owner's request for permission to file a Motion for Discovery of facts surrounding a real party-in-interest (RPI) issue. The second case is *Proppant Express Investments, LLC v. Oren Technologies, LLC*, Case IPR2017-01917 (PTAB Feb. 13, 2019) (Paper 86), which denies Patent Owner's Motion to Terminate. Finally, PTAB designated the decision in *Ventex Co., Ltd. v. Columbia Sportswear North America, Inc.*, Case IPR2017-00651 (PTAB Jan. 24, 2019) (Paper 152) as precedential. This redacted order dismisses the Petition, vacates the Decision instituting IPR, and terminates the proceeding. More info. [here](#).

IV. Judicial Updates:

- On Monday, the U.S. Supreme Court heard [oral arguments](#) in *Iancu v. Brunetti*. The court will consider whether Section 2(a) of the Lanham Act's prohibition on the federal registration of "immoral" or "scandalous" marks is facially invalid under the free speech clause of the First Amendment. The USPTO had refused to register the trademark "FUCT" to a fashion designer because it is the past tense of a vulgar word and is "therefore scandalous." Federal law permits the government to deny registration of trademarks containing "immoral, deceptive, or scandalous matter." However, the U.S. Court of Appeals for the Federal Circuit reversed the TTAB's holding, finding that the bar on registering scandalous and immoral trademarks is content-based restriction on free speech in violation of the First Amendment. After attending the oral arguments, IP Watchdog reports that it seems likely that the court will strike down the statutory restriction on federal registration of trademarks that are "immoral or scandalous" on First Amendment grounds. However, it also reports that justices' main legal concerns appear to be "the facial overbreadth of the existing statute and its history of inconsistent application," meaning that the USPTO may be left with room to try again with a narrower and more predictable approach to limiting these trademarks. Read more [here](#).
- On Monday, the U.S. Supreme Court denied a petition by Allergan to appeal its case, which the company and the Saint Regis Mohawk Tribe of New York filed in December after the U.S. Court of Appeals for the Federal Circuit ruled against them. Allergan had transferred its patents for a dry-eye drug Restasis to the tribe and then licensed them back in September 2017 thinking that the Mohawk tribe would be able to invoke sovereign immunity to petition the PTAB to dismiss an IPR challenging the patents. The PTAB denied the tribe's motion to dismiss the IPR and the Federal Circuit upheld the decision, on the grounds that the proceeding bore more similarity to an agency enforcement action than a civil suit by a private party. Read more [here](#).
- On Monday, U.S. District Judge John Michael Vazquez in Newark, New Jersey, dismissed a lawsuit from Verify Smart Corporation (VSC) claiming that Askeladden LLC engaged in fraud and anticompetitive conduct by challenging a VSC patent at PTAB without

identifying two big banks as the real party in interest. Read more [here](#).

V. International Updates:

- After Mexico's lower house of Congress approved a labor law reform aimed at ensuring workers can freely vote for their union representation and contracts late last week, Mexico's Senate majority leader Ricardo Monreal announced on Monday that the upper chamber will begin debating the proposal next week, with the goal of passing these reforms by the end of April. Some Democrats in the U.S. House of Representatives have said they are waiting for Mexico to pass labor reforms before they will consider advancing legislation to implement the USMCA. After the Mexican house approved the labor proposal, Ivanka Trump tweeted "Mexican lawmakers passed a landmark labor reform bill clearing the way for the new US-Mexico-Canada Agreement (USMCA) to replace the job killing NAFTA." Read more [here](#) and [here](#).

VI. Industry Updates:

- On Tuesday, Qualcomm and Apple announced an agreement to dismiss all litigation between the two companies worldwide, with a settlement that includes a payment from Apple to Qualcomm. The companies also announced that they have reached a six-year license agreement effective April 1st, including a two-year option to extend, and a multiyear chipset supply agreement. Read more [here](#).
- USPTO has denied the Dallas Mavericks' trademark application for two of basketball player Luka Doncic's nicknames. The Mavericks sought to acquire the rights to THE MATADOR and EL MATADOR, which Doncic picked up while playing for Real Madrid in Spain before joining the National Basketball Association (NBA). According to trademark lawyer Josh Gerben, who has been following the application process, the application was rejected because the USPTO found twenty other preexisting Matador trademarks that views as too similar to the requested marks. Gerben also suggests that the uses listed in the trademark filing are too broad. Read more [here](#).