



AMERICAN CONTINENTAL GROUP

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PATENT & TRADEMARK POLICY REPORT AUGUST 2, 2019



I. Congressional Developments:

- Rep. Martha Roby (R-AL) announced late last week that she plans to retire at the end of this term. The Alabama Republican, who was first elected to serve in the House of Representatives in 2010, is the Ranking Member of the House Judiciary IP Subcommittee. “While my name will not be on the ballot in 2020, I remain committed to continuing the fight for Alabama and the people I represent until I cast my last vote on the floor of the United States House of Representatives,” Rep. Roby said in a statement. Read more [here](#).
- Last week House Judiciary IP Subcommittee Chairman Hank Johnson (D-GA) and Ranking Member Roby introduced the Title 35 section of [S. 1416](#)—Senator Cornyn (R-TX) and Richard Blumenthal’s (D-CT) bill that seeks to stem rising prescription drug prices by curbing the perceived problem of drug companies using patents anti-competitively to prevent biosimilar competition from coming to the market—as a standalone bill ([H.R. 3991](#)). This legislation would amend the Biologics Price Competition and Innovation Act (BPCIA) to clarify and improve the process for subsection (k) applicants to resolve patent infringement claims for biological products, which is colloquially known as the “patent dance.” S. 1416 was reported favorably out of the Senate Judiciary Committee on June 27th.
- On Tuesday, the Senate Finance Committee held a hearing to consider the United States-Mexico-Canada Agreement (USMCA). Members heard from a panel of witnesses representing industry and organized labor. During his opening statement, [Chairman Chuck Grassley \(R-IA\)](#) touted the USMCA’s projected benefits for domestic industries and offered his support for House Democrats’ efforts to work

Headlines and Highlights:

- House Judiciary IP Subcommittee Ranking Member Martha Roby announces her retirement.
- House Judiciary IP Subcommittee leaders, Reps. Johnson and Roby, introduce legislation seeking to improve the “patent dance” process to stem rising prescription drug prices.
- USMCA House working group sends Speaker Pelosi a progress update report.
- Coalition of law professors and former government officials offer support for Section 101 reform efforts in Congress and call out what they claim are misstatements of patent law and misleading rhetoric in a recent letter from the ACLU in response to the proposed patent eligibility reforms.
- President Trump announces plans to impose ten percent tariffs on \$300 billion worth of Chinese goods.

through outstanding concerns with USTR Lighthizer. Chairman Grassley said he has an “open mind to workable ideas” and stands “ready to consider possible improvements in the agreement,” including those to plus up its enforcement mechanisms, as long as proposed solutions do not require re-opening the entire deal. On prescription drugs, Chairman Grassley said he understands that the current text would not require any changes to U.S. law, but he would be open to a solution that confirms this point. [Ranking Member Ron Wyden \(D-OR\)](#) reiterated the importance of ensuring the deal is enforceable during his opening remarks. The Ranking Member seemed particularly concerned about labor standards in Mexico and noted that he has floated a proposal with Sen. Sherrod Brown (D-OH) to provide additional tools to address these concerns. Notably, Sen. Toomey (R-PA) was the only Republican to state that trade conditions for U.S. industries would be better under the status quo than the USMCA, displaying a sign reading “NAFTA>USMCA.” Sen. Toomey argued that the uncertainty surrounding several provisions in the USMCA, such as its sunset clause, coupled with the increased costs American automakers would face under the new pact, outweigh the potential benefits stemming from its digital trade chapter and strengthened IP protections. More info. [here](#).

- Late last week the members of the House trade working group tasked with working with USTR Lighthizer to iron out the pending issues with the USMCA sent Speaker of the House Nancy Pelosi (D-CA) a status update on the group’s progress to date. The document reiterates Democrats’ outstanding concerns with the renegotiated pact, including access to affordable medicines, worker protections, environmental protections, and enforcement. On enforcement, which Speaker Pelosi has maintained is the overarching issue with the new agreement, the working group insists that the new pact must be fixed to close the so-called panel blocking loophole, which allows parties to block the formation of an arbitral panel in NAFTA’s state-to-state dispute settlement mechanism. The document also asserts that enhanced enforcement mechanisms must be established to secure compliance with the labor and environmental rules that are enshrined in the new pact. Finally, the working group states that the next step in the process is for USTR to provide responses and counterproposals to members “as soon as possible.” Read more [here](#).

II. Administration Updates:

- On Thursday, President Trump announced plans to levy a ten percent tariff on \$300 billion worth of Chinese goods on Twitter, which would effectively cover the remainder of Chinese imports to the U.S. that have not yet been hit with a tariff in the year-long trade dispute. “Trade talks are continuing, and during the talks the U.S. will start, on September 1st, putting a small additional tariff on 10% on the remaining 300 billion dollars of products coming from China into our country,” President Trump tweeted. Reports suggest that the tweet came soon after the President held a mid-morning briefing in the Oval Office to get an update from USTR Lighthizer and Treasury Secretary Steven Mnuchin on the negotiations earlier this week in Shanghai. The President was apparently disappointed that China had not offered concrete promises to purchase U.S. agriculture products, even though President Trump has repeatedly claimed that Chinese President Xi Jinping committed to this action during the president-level meeting on the margins of the Group of 20 (G20) summit in Japan in June. Read more [here](#) and [here](#).
- Reports surfaced this week that U.S. Customs and Border Protection (CBP) officers seized 180 pieces of counterfeit Cartier jewelry, which would have a manufacturer suggested retail

price of more than \$2.6 million if authentic, from a shipment coming from Hong Kong to New Orleans. The parcel inspected by CBP officers and deemed to be counterfeit was addressed to a local dealer. Read more [here](#).

III. USPTO Updates:

- On Tuesday, the USPTO announced that it is amending the trademark rules of practice to mandate electronic filing. The rule also requires the designation of an email address for receiving USPTO correspondence, with limited exceptions. The USPTO states that this rule is part of its IT strategy to achieve complete end-to-end electronic processing of trademark-related submissions. The rule is effective on October 5th. More info. [here](#).
- Last Friday, the USPTO held its third quarterly Trademark Public Advisory Committee (TPAC) meeting. The quarterly meeting included updates on the USPTO's activities of the last quarter, legal changes, IT updates, and a financial report. Laura Peter (Deputy Director of the USPTO) reflected on the USPTO's celebration of space commerce and Commissioner Denison's (Commissioner for Trademarks) testimony before the House Judiciary IP subcommittee. Ms. Peter focused on USPTO's attempts to stop counterfeiting and fraudulent specimen submissions via increasing examiner protocols for these specimens. Commissioner Denison debriefed the three most significant legal changes the USPTO has faced; the U.S. Counsel Rule, the Mandatory Electronic Filing rule, and the Supreme Court's *Iancu v. Brunetti* decision. Commissioner Denison also highlighted new IT updates to the USPTO such as using MyUSPTO for filing claims, the USPTO TM Status App, and the reporting of false specimens. The Chief Information Officer Office relayed IT trademark updates, including system updates and the increased use of AI.
- On Tuesday, the USPTO issued a notice of proposed rulemaking setting and adjusting patent fees during Fiscal Year (FY) 2020, as authorized by the Leahy-Smith America Invents Act (AIA) and amended by the Study of Underrepresented Classes Chasing Engineering and Science Success (SUCCESS) Act of 2018. The notice states that these fee adjustments "are needed to provide the Office with a sufficient amount of aggregate revenue to recover the aggregate cost of patent operations in future years (based on current projections) and to allow the Office to continue progress towards achieving strategic goals." Public comments are due on September 30th. More info. [here](#).
- On Saturday, August 3rd, from 12:01 a.m. – 8:00 a.m. ET, the Trademark Application System (TEAS) and Trademark Electronic Application System International (Teased) will be unavailable due to system maintenance. More info. [here](#).
- On August 6th, from 1:00 – 4:00 p.m. ET, the USPTO is holding a Virtual Instructor Led Training (vILT) on restriction practice. More info. [here](#).
- The USPTO's next Technology Center (TC) 2800 Customer Partnership meeting is scheduled for August 15th from 11:30 a.m. – 4:30 p.m. ET. Participants will discuss quality, programs for prosecution efficiency, the pre-appeal and appeal process, and interview practice for productive prosecution. Register by August 7th to attend. More info. [here](#).

- On September 9th, 10th, and 11th, USPTO is holding course on Stakeholder Training on Examination Practice and Procedure (STEPP) at its headquarters in Alexandria, Virginia. Register [here](#).

IV. Judicial Updates:

- Late last week Penn State filed a complaint in U.S. Middle District Court accusing Paul L. Parshall of Florida, who does business as Sports Beer Brewing Co, of infringing the university's trademarks. Penn State is seeking an injunction to stop the alleged infringement and up to \$2 million for each trademark willfully counterfeited and infringed. Parshall's website states, "We have developed and obtained trademark, service marks and name registrations for sports teams all over the country complying with secretary of state regulations." Penn State Nittany Brewing and Penn State Nittany Beer are listed among the Florida business' featured trademarks. Penn State pointed out in its complaint that state trademark registrations differ from the federal registration process because there is no formal search process with rejections for infringement or the likelihood of confusion. Read more [here](#).

V. International Updates:

- Late last week Oman's Ministry of Commerce and Industry (MoCI) publicly called on traders to stop selling counterfeit products, including perfumes, watches, shoes, bags, and telephones in the country's marketplaces. Ali Bin Hamad Bin Saif Al Mamari, who heads the IP Rights Department at MoCI, said "Recently, the ministry received a number of complaints about the counterfeiting of trademarks protected inside the Sultanate. This is done with the pretext given by some traders that they did not know about the rights of the trademark owners. In response to such complaints, the ministry carried out inspections and seized a number of counterfeit products." Read more [here](#).
- The Cypriot Department of Registrar of Companies and Official Receiver (CY DRCOR) has upgraded its existing online services for trademarks. This was done with support from the EU IP Office's European Cooperation Projects and contains functions which, once released, will be compatible with the regulatory changes brought by the transposition of EU Directive to approximate the laws of the Member States relating to trademarks. Read more [here](#).

VI. Industry Updates:

- Public comments about the current state of counterfeit and pirated goods through online third-party intermediaries were due to the Department of Commerce on Monday. Feedback from stakeholders, including recommendations for federal policy to curb the spread of pirated and counterfeit goods, will be shared with interagency teams to prepare a report to the President, as directed in the Presidential Memorandum on "Combatting Trafficking in Counterfeit and Pirated Goods." The Department of Commerce received 93 comments from stakeholders, although they have yet to be posted to the [docket](#). However, some organizations have posted their comments online, including the [American Intellectual Property Law Association \(AIPLA\)](#); [Authors Guild](#); [Copyright Alliance](#); [Computer & Communications Industry Association \(CCIA\)](#); [Intellectual Property Owners Association \(IPO\)](#); [Semiconductor Industry Association](#); and the [Motor & Equipment Manufacturers](#)

Association.

- On Tuesday, a coalition of twenty-four law professors and former government officials sent a letter to Congress detailing what they claim are misstatements of patent law and misleading rhetoric in a letter from the American Civil Liberties Union (ACLU) that was sent to Congress in response to the proposed Section 101 reform by Senate Judiciary IP Subcommittee Chairman Tillis and Ranking Member Coons. Specifically, the letter calls the ACLU's claim that the draft legislation would "authorize patenting products and laws of nature, abstract ideas, and other general fields of knowledge" profoundly mistaken and inaccurate. The letter points out that the proposed amendments preclude "implicit or judicially created exceptions to subject matter eligibility." Furthermore, the proposed amendments do not eliminate constitutional and statutory bars to patenting laws of nature, abstract ideas, and general fields of knowledge. The signatories therefore express support for the patent eligibility reform and urge Congress to found deliberations on accurate statements of the law and real-world performance in the U.S. patent system. Read more [here](#).