

PATENT & TRADEMARK POLICY REPORT

JUNE 14, 2019



I. Congressional Developments:

- On Tuesday, the Senate Judiciary IP Subcommittee held its third and final hearing on “The State of Patent Eligibility in America.” This hearing largely echoed sentiments and proposals put forth by witnesses in the previous two hearings. Individuals from private companies, manufacturing services, life science services, and pharmaceutical and diagnostic industries testified before the Subcommittee. Pro-reform witnesses that testified on behalf of companies such as IBM, Qualcomm, Genentech, Johnson & Johnson, and more, all agreed that the current Supreme Court jurisprudence has created confusion and uncertainty surrounding subject matter eligibility. Witnesses that testified on behalf of Invitae, Clearing House Payments, and Klarquist Sparkman argued against the [Tillis/Coons proposal](#). These witnesses supported the caselaw established by *Alice* and others, claiming that it has led to less frivolous patent litigation. There was near unanimous agreement from the 15 witnesses (with the exception of John D. Vandenberg from Klarquist Sparkman, LLP) that the section 112 language in the proposal needs further examination. At the end of the hearing, Chairman Tillis (R-NC) stated that lawmakers intend to propose a final bill after the July 4th recess. More info. [here](#).
- On Monday, *The Hill* published an editorial by Sens. Chris Coons (D-DE) and Thom Tillis (R-NC), Chairman and Ranking Member of the Senate Judiciary IP Subcommittee, explaining the effort spearheaded by the pair to revise U.S. patent laws to “ensure that groundbreaking cures, medical innovations, and technological advances of the next century” originate in the U.S. Stakeholders have told the senators that domestic patent laws have become hostile to innovation. Coons and Tillis caution that this is particularly troublesome because many

Headlines and Highlights:

- Senate Judiciary IP Subcommittee holds final hearing in series on the state of patent eligibility in America.
- Reps. Collins, Jeffries, Cline, and Mucarsel-Powell introduce the TERM Act.
- USTR Lighthizer to testify before House Ways & Means and Senate Finance committees next week on the Trump Administration’s trade agenda.
- President Trump announces deal with Mexico to indefinitely suspend five percent tariff on Mexico’s imports, slated to take effect June 10th.
- Google restructures lobbying operation, firing half a dozen lobbying firms in past several months.
- Canada’s Parliament begins debating the new NAFTA implementation legislation.

inventors and investors believe it's better to seek a patent and pursue new innovations under other regimes in Europe or even China. In an attempt to dispel concerns that forthcoming legislation would impact the Supreme Court's 2013 *Myriad* decision, the senators clarify that they have "no intention of overruling" the central holding in this case. "In other words, we agree that nobody should be able to patent genes as they exist in the human body, but we do need to give researchers and businesses clarity on what medical innovations – including some that involve use of genetic material – can be patented," the editorial states. Read more [here](#).

- On Wednesday, Reps. Doug Collins (R-GA), Ranking Member of the House Judiciary Committee, Hakeem Jeffries (D-NY), Democratic Caucus Chair, Ben Cline (R-VA), and Debbie Mucarsel-Powell (D-FL) introduced the TERM Act. This legislation intends to stem the rising cost of prescription drugs by making the process of challenging a brand name pharmaceutical patent in court "fairer" to help generic pharmaceutical options arrive quicker to market. Per the press release, the TERM Act seeks to promote competition in the pharmaceutical marketplace and tackle the perceived problem of "evergreening." In a press release announcing the introduction of the bill, Rep. Collins asserted that "Competition in the pharmaceutical market decreases costs and increases options for patients." Rep. Jeffries stated that "The bipartisan TERM Act will curb patent abuses in order to expedite the entrance of lower cost generic drugs to market." Read more [here](#).
- On Thursday, Speaker of the House Nancy Pelosi (D-CA) named the Democrats that will serve on trade working groups tasked with ironing out concerns about the USMCA with United States Trade Representative (USTR) Robert Lighthizer. House Ways & Means Committee Chair Richard Neal (D-MA) will lead the trade working group; Reps. Earl Blumenauer (D-OR) and Jan Schakowsky (D-IL) will lead the drug pricing team; Reps. Jimmy Gomez (D-CA) and Mike Thompson (D-CA) will lead the labor group; Reps. Suzanne Bonamici (D-OR) and John Larson (D-CT) will tackle environment issues, and Reps. Terri Sewell (D-AL) and Rosa DeLauro (D-CT) will handle enforcement concerns. Read more [here](#).
- Next Tuesday, June 18th, at 10:15 a.m. ET, USTR Lighthizer will testify before the Senate Finance Committee at a hearing on "The President's 2019 Trade Policy Agenda and the United States-Mexico-Canada Agreement." More info. [here](#).
- Next Wednesday, June 19th, at 9:30 a.m. ET, the House Ways & Means Committee will hold a hearing on "The 2019 Trade Policy Agenda: Negotiations with China, Japan, the EU, and UK; new NAFTA/USMCA; U.S. Participation in the WTO; and other matters." USTR Lighthizer is also slated to testify at this hearing. More info. [here](#).
- On Tuesday, senator and 2020 presidential hopeful Elizabeth Warren (D-MA) sent a letter urging Makan Delrahim, Assistant Attorney General (AAG) for the Antitrust Division at the Department of Justice (DOJ), to recuse himself from the DOJ's reported antitrust investigations into Google and Apple. Warren claims that Delrahim's prior work lobbying the federal government on behalf of these and other companies compromises his "ability to manage or advise this investigation without real or perceived conflicts of interest." Read more [here](#).

II. Administration Updates:

- Last Friday, President Trump announced that he reached a deal with Mexican negotiators to indefinitely suspend the five percent tariff on Mexican imports that was slated to take effect on Monday, June 10th. Trump touted on Twitter that Mexico agreed to take “strong measures” to address migration flows. In particular, a joint statement from the two countries outlining the deal explains that Mexico will deploy its National Guard throughout Mexico, giving priority to its southern border. The document also states that the U.S. will immediately expand the implementation of its Migrant Protection Protocols across its southern border, meaning that individuals crossing the southern border to seek asylum will be returned to Mexico to await the adjudication of their asylum claims. Finally, the document suggests that negotiators from the U.S. and Mexico will continue to discuss potential solutions to stem “irregular migrant flows and asylum issues,” and any such progress will be completed and announced within ninety days, if necessary. Read more [here](#).
- During a speech at the Antitrust New Frontiers Conference in Tel Aviv, Israel on Tuesday, AAG Makan Delrahim said there appears to only be one or two significant players in certain sectors in the digital ecosystem, including internet search, social networks, mobile and desktop operating systems, and electronic book sales. He explained that the key issues that antitrust enforcers today must untangle when surveying the digital economy are whether a company is growing due to superior price, quality, and innovation, or whether some transaction or business practice is, on balance, anticompetitive. Furthermore, Delrahim stated that “price effects alone do not provide a complete picture of market dynamics.” Read more [here](#).

III. USPTO Updates:

- The next live USPTO Inventor chat on “Understanding Trademarks” will take place on June 20th from 11:00 a.m. to 12:00 p.m. ET. This event will be a Spanish language broadcast and applicants will learn how and when to file a trademark, and will have the opportunity to ask questions about the steps of filing. 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:

- On Monday, the U.S. Supreme Court ruled in a 6-3 decision that the federal government is not a “person” capable of petitioning the Patent Trial and Appeal Board (PTAB) to institute patent review proceedings under the Leahy-Smith America Invents Act (AIA). Justice Sotomayor delivered that majority opinion for the court in the *Return Mail Inc. v. United States Postal Service* case, with Justice Breyer filing a dissenting opinion joined by Justices Ginsburg and Kagan. The USPTO issued a patent to Return Mail for an invention involving the use of bar codes in facilitating the processing of undeliverable mail. However, the USPTO invalidated the patent after the U.S. Postal Service filed a petition to invalidate the patent under the AIA’s procedures for review of business-method patents. The U.S. Court of Appeals for the Federal Circuit affirmed that decision. Return Mail argued that the U.S. Postal Service does not qualify as a “person” under the current statute, and therefore cannot

use this administrative process to challenge patents. The Supreme Court sided with the Alabama technology company, overturning the U.S. Court of Appeals for the Federal Circuit's previous decision that the U.S. Postal Service could challenge a patent at the USPTO. Read more [here](#).

V. International Updates:

- On Tuesday, members of Canada's Parliament (MPs) began debating the new NAFTA implementation legislation, [Bill C-100](#), in the House of Commons. Foreign Affairs Minister Chrystia Freeland began the debate by touting the deal's perceived benefits and asserting that Canada is ready to ratify the renegotiated pact as soon as the U.S. and Mexico are. "Insofar that it is possible we intend to move in tandem with our partners. I am in very close contact with my counterparts in both countries as we discuss our domestic ratification processes," Freeland explained. The House will adjourn for the summer on June 21st, prompting questions about whether the bill will advance through various debate stages and committee study before members leave for recess, or whether a recall of MPs will be needed later in the summer. Read more [here](#).
- At a press conference on Monday, Mexican President Andrés Manuel López Obrador (AMLO) reiterated that ratifying the USMCA is expected to be the first order of business in Mexico's Senate next week. Read more [here](#).
- Reports surfaced this week that Canadian Prime Minister Justin Trudeau will visit Washington on June 20th and is tentatively scheduled to meet with President Trump to speak about trade and China. Read more [here](#).
- The *South China Morning Post* reported this week that the expected meeting between Chinese President Xi Jinping and U.S. President Donald Trump on the sidelines of the G-20 summit on June 28th and 29th could take the form of a formal face-to-face negotiation over dinner, instead of a quick handshake and chat. President Trump has told reporters that he will decide whether to follow through with his threat to impose tariffs on the imports of approximately \$300 billion worth of Chinese goods after the summit in Japan. Read more [here](#).

VI. Industry Updates:

- As reported by *The Wall Street Journal*, Google's lobbying operation has changed significantly in the past several months. For instance, the tech giant has fired about half-dozen of its largest lobbying firms, restructured its policy team, and lost two senior officials. Karan Bhatia, a former senior trade representative under President George W. Bush and later an executive at General Electric Co., was brought in as Google's vice president of policy and government relations last summer and is seen as a key driver behind the shake-up. Read more [here](#).
- In an editorial published in *The Hill* this week, a group of stakeholders urge U.S. lawmakers to ensure the full ratification of IP provisions established in Chapter 20 of the USMCA, with a particular emphasis on the ten-year minimum term provided to biologics. The editorial is authored by Stephen Ezell, Vice President for Global Innovation Policy at the Information Technology & Innovation Foundation; Richard C. Owens, Munk Senior Fellow with the

Macdonald-Laurier Institute and adjunct professor at the University of Toronto Faculty of Law; and Alberto Saracho, Executive Director of Fundacion Idea. The article explains that although ten years of exclusivity may seem like a long time, “research indicates that drugs commonly take more than 12 years to recoup the investment in the research that makes them possible.” Read more [here](#).

- As reported by *Reuters*, G-20 finance ministers agreed at a meeting over the weekend to compile common rules to close loopholes used by tech giants to reduce their corporate taxes. A draft communique obtained by *Reuters* states, “We welcome the recent progress on addressing the tax challenges arising from digitization and endorse the ambitious program that consists of a two-pillar approach.” Accordingly, the draft document explains that the bloc will “redouble our efforts for a consensus-based solution with a final report by 2020.” U.S. government officials, including Treasury Secretary Steven Mnuchin, have expressed concern that a proposal to tax big tech companies, as offered by Britain and France, would unfairly target U.S. Internet companies. Despite these concerns, Secretary Mnuchin recognized that there appears to be a “strong consensus” about the goals of tax reform, and said the next step is to work through the technicalities of how to turn the established goals into an agreement. Read more [here](#).