

PATENT & TRADEMARK POLICY REPORT

MARCH 15, 2019



I. Congressional Developments:

- On Wednesday, the Senate Judiciary Subcommittee on Intellectual Property held an oversight hearing on the USPTO, with PTO Director [Andrei Iancu](#) as the sole witness. Chairman Tillis (R-NC) and Ranking Member Coons (D-DE) both used their opening statements to praise Director Iancu's recent actions, while noting some areas they believe statutory revisions would prove beneficial. For instance, Ranking Member Coons asserted that the current law around patent eligible subject matter continues to hamper innovation, particularly in the areas of artificial intelligence, medical diagnostics, and personalized information and while he agrees with Director Iancu's approach, he ultimately believes legislation is necessary to adequately address the issue. Chairman Tillis stated that he hopes to introduce bipartisan legislation with Senator Coons by early summer, and noted that the subcommittee will be looking at changes to Patent Trial and Appeal Board (PTAB), inter partes review, and post-grant review procedures. Watch online [here](#).
- On Wednesday, the House Committee on Energy and Commerce Subcommittee on Health held a hearing on "Lowering the Cost of Prescription Drugs: Reducing Barriers to Market Competition." Rep. Eshoo (D-CA) chaired the hearing with ranking member Rep. Burgess (R-TX) by her side. The purpose of the hearing was to consider an [array of legislative proposals](#) that seek to reduce the cost of prescription drugs for consumers, including several bills that would impact the process of obtaining and holding patents. Full committee Chairman Pallone's (D-NJ) hearing [memorandum](#) identifies "patent listing barriers" as one of three major barriers that delay generic competition. Pallone listed two bills seeking to address this problem by improving the information found in the Food and Drug Administration's (FDA) Orange and Purple books:

Headlines and Highlights:

- USPTO Director testifies before Senate IP subcommittee.
- Senate Cornyn raises patent evergreening concerns in Senate Finance Committee hearing.
- Congressional Progressive Caucus announces it will not support USMCA as drafted.
- Sens. Portman and Heinrich launch Senate AI Caucus.
- USPTO POP issues precedential opinion in *Proppant Express Investments v. Oren Technologies*.
- USPTO publishes notice of a pilot program for motion to amend practice and procedures in trial proceedings before the PTAB.
- USPTO announces the appointment of Scott Boalick as Chief Judge for the PTAB.

the Orange Book Transparency Act of 2019 ([H.R. 1503](#)) and the Purple Book Continuity Act of 2019 ([H.R. 1520](#)). He also noted that some stakeholders have raised concerns that the original generic 180-day exclusivity has morphed “from an incentive to challenge patents to a tool for brand firms to pay first-filing generics to delay entering market.” The BLOCKING Act of 2019 ([H.R.938](#)) and the FAIR Generics Act ([H.R. 1506](#)) seeks to address this perceived problem. More info [here](#) and [here](#).

- On Thursday, the Senate Committee on Finance held a hearing to consider the President’s Fiscal Year 2020 Budget. [Senator Chuck Grassley](#) (R-IA) chaired the hearing with [Ranking Member Ron Wyden](#) (D-OR) by his side. During the question and answer portion of the hearing, Senator Cornyn (R-TX) asked Secretary Azar what can be done to encourage competition in biosimilars. Secretary Azar said that he is very concerned when it comes to biological products, especially about patent evergreening and the expansion of patent estates. Watch online [here](#).
- On Tuesday, Rep. Pocan (D-WI), co-chair of the Congressional Progressive Caucus, announced that his group of over ninety members is taking a position against the current United States–Mexico–Canada Agreement (USMCA). Pocan told POLITICO that both he and his co-chair Rep. Jayapal (D-WA) believe the deal “should be reopened, so that we can deliver a progressive trade deal in line with our principles.” Pocan referenced concerns about the environment and labor enforcement standards in the current proposal and called the provisions around pharmaceuticals “very egregious.” Furthermore, he insisted that the concern about pharmaceuticals goes beyond the Progressive Caucus and indicated that Democrats are going to take a “very strong lead on that.” Read more [here](#).
- On Thursday, the New Democrat Coalition Trade Task Force co-chairs Reps. Kind (D-WI), Larsen (D-WA), Meeks (D-NY), and Fletcher (D-TX) released their goals for the 116th Congress. In a press release on the matter, Rep. Kind asserted that in order to find a landing zone for the USMCA, the Administration will need to continue to work with the New Democrat Coalition and the larger caucus to “ensure all Members are heard and have outstanding concerns resolved.” Read more [here](#).
- On Wednesday, Sens. Portman (R-OH) and Heinrich (D-NM) launched the bipartisan Senate Artificial Intelligence (AI) Caucus. The AI caucus is intended to complement the *American AI Initiative* recently launched by the White House and will “advise the 15-member National Security Commission on Artificial Intelligence” as well as “host discussions with AI experts in private industry, academia and the executive branch.” Other members of the caucus include Sens. Schatz (D-HI), Gardner (R-CO), Peters (D-MI) and Ernst (R-IA). Read more [here](#) and [here](#).

II. Administration Updates:

- On Thursday, United States Trade Representative (USTR) Lighthizer met with Mexican Secretary Graciela Márquez and Labor Secretary Luisa María Alcalde in Washington, DC to discuss steps to implement the USMCA. According to POLITICO, the leaders planned to discuss the proposal’s labor provisions, which has been a sticking point for some Democrats who have raised concerns about the pact. Some House Democrats have even vowed to wait for the Mexican Senate to implement its labor law reforms before advancing legislation to implement the deal in the U.S. The Mexican Senate is expected to pass legislation to overhaul the country’s labor structure next month, but some federal lawmakers are concerned

that Mexico will backpedal on its commitments. Read more [here](#).

- During a House Ways & Means committee hearing on Thursday, Treasury Secretary Mnuchin told members that the Administration is working to “reach a resolution” on the steel and aluminum tariffs currently imposed by the U.S. on imports from Mexico and Canada as part of its effort to ensure quick implementation of the USMCA. Watch more [here](#).

III. USPTO Updates:

- The USPTO’s Trademark Trial and Appeal Board (TTAB) is seeking feedback on a specific provision of its [standard protective order](#) (SPO). Specifically, the TTAB would like comments on whether it should retain or modify the provision of the SPO that stipulates that in-house counsel is not allowed to access materials designated “Confidential – For Attorneys’ Eyes Only (trade secret/ commercially sensitive)” unless an appropriate showing has been made and approved by the TTAB. Comments are due by March 31st. More info. [here](#).
- On Friday, the USPTO published a notice of a pilot program for motion to amend (MTA) practice and procedures in trial proceedings under the America Invents Act (AIA) before the PTAB. The pilot program will provide patent owners with two options not previously available. First, a patent owner may choose to receive preliminary guidance from the Board on its motion to amend. Second, a patent owner may choose to file a revised motion to amend after receiving petitioner’s opposition to the original motion to amend and/or after receiving the PTAB’s preliminary guidance, if requested. The USPTO previously published a notice requesting comments on proposed modifications to the current MTA practice and procedures and modified its prior proposal in certain respects after receiving feedback from the public. Additionally, the UPSTO anticipates that it will reassess the MTA pilot program approximately one year from its effective date—March 15th, 2019. Read more [here](#).
- On Wednesday, the UPSTO Precedential Opinion Panel (POP) issued a precedential decision in *Proppant Express Investments v. Oren Technologies*, Case IPR2018-00914 (PTAB Mar. 13, 2019) (Paper 38). The POP concludes that 35 U.S.C. § 315(c) provides discretion to allow a petitioner to be joined to a proceeding in which it is already a party and provides discretion to allow joinder of new issues into an existing proceeding. The POP further concludes that the existence of a time bar under 35 U.S.C. § 315(b) is one of several factors that may be considered when exercising discretion under § 315(c). More info. [here](#).
- On Wednesday, USPTO announced the appointment of Scott Boalick as Chief Judge for the PTAB. Boalick has served as the acting Chief Judge for the PTAB since September 2018. In a statement, Director Iancu asserted, “Chief Judge Boalick will continue leading PTAB’s efforts to ensure that its proceedings are balanced and transparent, while also working toward a one-year pendency for completion of ex parte appeals, and implementing the Office’s new § 101 Guidance.” Read more [here](#).
- On March 28th from 9:00AM ET-5:00PM ET, the Department of Commerce’s Internet Policy Task Force will host the Third Public Meeting on *Developing the Digital Marketplace for Copyrighted Works* at the USPTO’s headquarters in Alexandria, Virginia. More info. [here](#).

IV. Judicial Updates:

- On Monday, the U.S. Court of Appeals for the Federal Circuit affirmed a lower court ruling that four Konami Gaming patents should not have been granted. Specifically, the court held that the patents on computerized slot machine features should not have been granted because they were too indefinitely worded and because they address subject matter not eligible for patenting. Konami Gaming Inc had accused High 5 Games LLC of infringing on these patents in a 2014 lawsuit. Read more [here](#).

V. International Updates:

- On Tuesday, Information Technology Industry Council (ITI) released its “Policy Recommendations for a European Tech Agenda,” which outlines steps the European Union (EU) can take to advance what the ITI believes is a “compelling European tech agenda for the 21st Century.” Among other recommendations, the report urges EU regulators to promote interoperability between regional mechanisms for international data transfers; narrowly tailor proposals to regulate online platforms instead of taking a one-size-fits-all approach; uphold the EU E-Commerce Directive rules on the liability of an intermediary or platform; and ensure clear boundaries between privacy and competition enforcement. Read more [here](#).

VI. Industry Updates:

- Reports surfaced this week that the USPTO has rejected an application from Penn State University to trademark “Happy Valley” because the proposed mark is “primarily geographically descriptive” of the college’s region. Penn State spokeswoman Lisa Powers told the Pittsburgh Post-Gazette that they are reviewing the information from the USPTO and that “under procedures outlined by the government, the University has six months to respond.” Read more [here](#).