

PATENT & TRADEMARK POLICY REPORT MAY 10, 2019



I. Congressional Developments:

- On Thursday, USPTO Director [Andrei Iancu](#) testified before the House Judiciary IP Subcommittee at its USPTO oversight hearing. IP Subcommittee Chairman Hank Johnson (D-GA) and Ranking Member Martha Roby (R-AL), as well as full Committee Chairman Jerrold Nadler (D-NY) and Ranking Member Doug Collins (R-GA), addressed issues surrounding determining patent eligible subject matter under section 101, post-issuance review proceedings at the Patent Trial and Appeal Board (PTAB), and the USPTO's response to the apparent surge in fraudulent trademark applications from abroad, particularly China. With respect to section 101, Chairman Johnson and others expressed concerns that it was not delivering the needed clarity due to recent Supreme Court cases. He claimed that this poses threats to innovations in critical sectors, such as medical diagnostics. Director Iancu agreed that recent Supreme Court decisions have created uncertainty for examiners, applicants, and the general public, and touted the USPTO's new guidance regarding patent eligibility pursuant to section 101 to reduce this uncertainty. Director Iancu and the members all agreed that it was necessary to curb the surge of fraudulent trademark from applications from abroad. To combat this, the USPTO instituted random audits, implemented piloting software to detect photoshopped images, proposed a rule to require foreign applicants to use U.S. licensed lawyers, and created a new task force to determine how information technology can combat this problem. Finally, several members expressed concerns about Inter Partes Review (IPR) proceedings. Ranking Member Collins, for instance, cautioned that PTAB proceedings can be used by well-funded companies to coerce smaller companies into agreements. More info. [here](#).

Headlines and Highlights:

- Director Iancu testifies before House Judiciary IP Subcommittee.
- Sens. Cornyn and Blumenthal introduce legislation to codify the definitions of product hopping and patent ticketing within the FTC Act.
- House Ways & Means Democrats raise concerns about USMCA's potential impact on health care costs.
- SJC to hold hearing on "5G: National Security Concerns, Intellectual Property Issues, and the Impact on Competition and Innovation" on May 14th.
- USPTO to hold conference on brand protection and anti-counterfeiting on June 6th.
- U.S. hikes 10 percent tariffs on \$200 billion of Chinese goods to 25 percent.

- On Tuesday, the Senate Judiciary Committee held a hearing on “Intellectual Property and the Price of Prescription Drugs: Balancing Innovation and Competition.” Sens. Richard Blumenthal (D-CT) and John Cornyn (R-TX) both identified “patent thicketing,” which refers to the phenomenon of drug companies using multiple patents to extend their monopolies, as a key contributor to high drug prices in the United States. On the other hand, several senators on the IP Subcommittee pushed back on the notion that changing the patent system is a sound approach to combatting rising drug prices, raising concerns that such legislation might have the unintended consequence of stifling innovation. IP Subcommittee Chairman Thom Tillis (R-NC), for instance, urged his colleagues to consider other potential drivers of rising health care costs up the value chain and suggested that the Committee should hold another hearing on this topic. Likewise, IP Subcommittee Ranking Member Chris Coons (D-DE) suggested that Congress should instead look towards price transparency and/or antitrust law to combat rising drug prices. More info. [here](#).
- On Thursday, Sens. Cornyn and Blumenthal introduced the *Affordable Prescriptions for Patients Act*, which seeks to curb what the pair characterizes as major drug companies’ anti-competitive use of patents to protect their prescription drugs and prevent generic biosimilar competition from coming to market. Specifically, the legislation would codify the definitions of product hopping and patent ticketing within the Federal Trade Commission (FTC) Act. Read more [here](#).
- On Tuesday, May 14th, at 10:00 AM ET, the Senate Committee on the Judiciary is scheduled to hold a hearing on “5G: National Security Concerns, Intellectual Property Issues, and the Impact on Competition and Innovation.” More info. [here](#).
- On Wednesday, House Ways and Means Trade Subcommittee Chairman Earl Blumenauer (D-OR) raised concerns about the ten years of intellectual property protection for biologic medicines within the U.S.-Mexico-Canada Agreement (USMCA). “I have trouble with the 10-year period of exclusivity,” and so do Canada and Mexico, Blumenauer said at the Center for Strategic and International Studies. During the event Blumenauer also revealed that U.S. Trade Representative (USTR) Robert Lighthizer will be testifying before the Ways and Means Committee at some point later this month to address concerns lawmakers have about NAFTA 2.0. Read more [here](#).
- Late last week, House Ways & Means Committee Chairman Richard Neal (D-MA), Trade Subcommittee Chairman Blumenauer, and nineteen Committee Democrats sent a letter to USTR Lighthizer sharing their concerns that the USMCA would raise health care costs for patients. Members caution that the new trade pact would “hamper” or “otherwise prevent” U.S. federal lawmakers’ efforts to combat rising healthcare costs. Further, it expresses concern USMCA standards would “significantly change” the IP regimes in Canada and Mexico. House Ways & Means Democrats have sent USTR Lighthizer a series of letters highlighting outstanding issues with NAFTA 2.0, also raising concerns for the environment and labor standards in the pact, as well as cautioning that the agreement lacks effective enforcement mechanisms. House Democrats’ support for the deal will be critical for the Trump Administration to meet its goal of passing legislation to implement the agreement through Congress this year. Read more [here](#).

II. Administration Updates:

- On Thursday, USTR Lighthizer met with members of the Congressional Progressive Caucus to discuss their concerns with the USMCA. In a debrief with reporters after the meeting, Rep. Pramila Jayapal (D-WA), who serves as a co-chair of the caucus, said USTR Lighthizer seemed willing to work with members to address their outstanding concerns about certain provisions in the trade pact. However, Rep. Jayapal added that when she asked whether USTR Lighthizer is “open to renegotiating the agreement,” he did not answer her question. Additionally, Rep. Lloyd Doggett told reporters that USTR Lighthizer seemed to think he can address members concerns about the biologic IP provisions in the USMCA without reopening the agreement. Rep. Doggett cast doubt on the possibly of heeding Democrats’ concerns without reopening the agreement, stating “I don’t see how that would work.” Read more [here](#).
- The Office of the United States Trade Representative officially announced plans to hike the rate of additional duty from 10 percent to 25 percent for the \$200 billion worth of Chinese products covered by the September 2018 action in the Section 301 investigation on May 10th. The notice explains that the President has decided to hike tariff rates “In light of the lack of progress in discussions with China.” Specifically, it suggests that China has “chosen to retreat from specific commitments agreed to in earlier rounds” of negotiations. Read more [here](#).
- On Friday, the Federal Trade Commission (FTC) announced the agenda for its 14th session in its series of hearings on competition and consumer protection in the 21st century. This session will be held at the Creighton University School of Law in Omaha, Nebraska, on June 12th and will include a series of roundtable discussion with State Attorneys General on important consumer protection and antitrust issues. More info. [here](#).

III. USPTO Updates:

- The PTAB designated two decisions as precedential this week. First, the PTAB designated the decision in *Valve Corp. v. Elec. Scripting Prods., Inc.*, which denies institution of *inter partes* review after applying the *General Plastics* factors and explains that the Board’s application of these factors is not limited to instances when multiple petitions are filed by the same petitioner, as precedential. Second, the PTAB designated the decision in *NHK Spring Co., Ltd. v. Intri-Plex Techs., Inc.* as precedential. This decision denies institution under 35 U.S.C. § 325(d) after applying the *Becton, Dickinson* factors under 35 U.S.C. § 314(a) after determining that instituting review would be an inefficient use of Board resources. More info. [here](#).
- In view of the Federal Circuit decision in *Supernus Pharm., Inc. v. Iancu*, the USPTO announced that it is modifying its patent term adjustment procedures. The event from which the Federal Circuit measured the beginning of the patent term adjustment reduction period in the aforementioned case, a notice to the applicant from a foreign patent authority, is not a recorded event in the Office’s Patent Application and Location Monitoring (PALM) system. The USPTO uses this computer program to make patent term adjustment determinations. As such, a patentee who believes that the period of a patent term adjustment reduction exceeds the period of time during which the patentee failed to engage in reasonable efforts to conclude prosecution of the application is now permitted to raise the issue in a timely request

for reconsideration of the patent term adjustment, providing any relevant information that is not included in the PALM system. The procedure took effect on Thursday. More info. [here](#).

- The USPTO is hosting a free, full-day conference on brand protection and anti-counterfeiting strategies at its headquarters in Alexandria, Virginia, on June 6th. Experts from the government and private sector are expected to participate and the event will be livestreamed for participants who cannot attend in person. More info. [here](#).
- The USPTO's Trademark Status and Document Retrieval (TSDR) Application Programming Interface (API) became unavailable on Tuesday, and is expected to be unavailable for at least two weeks to address the impact of significant usage spikes. More info. [here](#).
- On September 9, 10, and 11, USPTO is holding course on Stakeholder Training on Examination Practice and Procedure (STEPP) at its headquarters in Alexandria, Virginia. Register [here](#).
- USPTO is holding a Women's Entrepreneurship Symposium on May 14th in Alexandria, Virginia from 9:00 AM through 12:30 PM ET. According to the event page, the free event seeks to bring together leaders of industry, government, and education to discuss and call attention to under-representation of women in scientific research and patenting, how STEM education can impact change, and the economic impact of women inventors and entrepreneurs. Speakers include USPTO Associate Commissioner for Innovation Development Mindy Bickel and USPTO Deputy Director Laura Peter. More info. [here](#).

IV. Judicial Updates:

- On Thursday, the Federal Circuit affirmed a district court's decision in a dispute between Amgen and Sandoz over patents related to purification of proteins and methods of treatment. Amgen's appeal included two decisions by the United States District Court for the Northern District of California in Biologics Price Competition and Innovation Act (BPCIA) patent infringement actions brought by Amgen against Sandoz. Read more [here](#).

V. International Updates:

- Reports surfaced this week that Guillermo Malpica is expected to depart his current role as head of the Trade and NAFTA Office at the Embassy of Mexico at the end of the month to lead the American Chamber of Commerce of Mexico in Monterrey, Mexico. Malpica led the NAFTA Office in Washington since late 2017. Read more [here](#).

VI. Industry Updates:

- According a study conducted by the law firm Kilpatrick Townsend & Stockton LLP and researchers at GreyB Services Pte, the United States is losing its advantage to China and other countries when it comes to innovations related to artificial intelligence, blockchain and other key technology. The researchers studied patent filings with the USPTO between 2007 and 2018 to identify trends in twelve key fields. Notably, the study finds that while patent filings in the internet of things (IOT) field have skyrocketed, from 5,000 in 2007 to more than 18,000 in 2018, the percentage of these applications that originated with American companies dropped to 59 percent last year, from 66 percent a decade ago. The biggest growth

in IOT patent filings originated from companies in South Korea and China. The study also found that U.S. applicants filed 66 percent of patents for artificial intelligence in 2018, down from 78 percent in 2007. Read more [here](#).