

PATENT & TRADEMARK POLICY REPORT

MAY 31, 2019



I. Congressional Developments:

- On June 4th and 5th the Senate Judiciary Subcommittee on Intellectual Property will convene multi-panel hearings on patent reform. The hearings are titled “The State of Patent Eligibility in America: Part I & Part II.” It is expected that there will be a third hearing the following week. The first hearing will feature three panels featuring thought leaders and academics. The second hearing will have three panels featuring association representatives. More info. [Here](#).

II. Administration Updates:

- President Trump issued a statement on Thursday night announcing a 5% tariff on all goods imported from Mexico starting on June 10 unless Mexico has taken action to dramatically reduce or eliminate the number of illegal aliens crossing its territory into the United States. President Trump warned that if Mexico does not meet the Administration’s demands, the tariffs would go up to 10% by July, 15% by August, 20% by September and reach a permanent level of 25% by October. President Trump stated that he would invoke authorities granted by International Emergency Powers Act to implement these tariffs. Read the official statement [here](#).
- The White House sent the draft “Statement of Administrative Action” to Congress on Thursday, a step that would allow President Trump to submit his new trade deal with Canada and Mexico to Congress after 30 days. Following up on this, White House Officials held a brief conference call at the end of the day on Thursday to clarify the intentions of this statement. White House Officials called this statement a “formality” and that it was not designed to kick off a countdown to a vote. White House officials said that this statement isn’t designed to

Headlines and Highlights:

- Senate Judiciary Subcommittee on Intellectual Property will hold multi panel hearings on patent eligibility next week
- President Trump announces tariffs on all goods from Mexico starting June 10
- White House sends Statement of Administrative Action to Congress on USMCA
- Canada became the first country to introduce USMCA implementation bill
- U.S. Export-Import Bank Board met for the first time in four years
- USPTO is holding second of three public hearings on the SUCCESS Act next week
- Qualcomm asks Judge for stay in case; FTC Commissioner Wilson publicly backs Qualcomm’s appeal

prejudice the outcome of the final decision and emphasized that the Administration is willing to sit down with Democratic members to address the concerns they have raised regarding USMCA. House Speaker Nancy Pelosi cautioned U.S. Trade Rep. Lighthizer not to send the draft report until Democrats have spent more time working with the White House and stated, “It indicates a lack of knowledge on the part of the Administration on the policy and process to pass a trade agreement.” In her statement, the Speaker emphasized a need to replace NAFTA, but stressed that a deal without real enforcement mechanisms would be bad for American workers. Read more about the statement [here](#). Read Speaker Pelosi’s statement [here](#).

- On Thursday, the U.S. Export-Import Board met for the first time in four years. USTR Rep. Lighthizer and Commerce Secretary Wilbur Ross attended. The bank is fully operational after the Senate approved three new members to the board. Read more [here](#) and see the meeting agenda [here](#).

III. USPTO Updates:

- The USPTO will hold its second of three public hearings on the SUCCESS Act on June 3, in San Jose, California. The deadline for written comments is June 30. Read more about the SUCCESS Act [here](#) and see [here](#) for information on how to provide comments.
- The USPTO is hiring patent examiners for the DC/Metro Office. The USPTO recently posted positions on USAJobs seeking patent examiners in the areas of electrical, mechanical, computer, biomedical, and industrial engineering. Read more [here](#).

IV. Judicial Updates:

- On Tuesday, Qualcomm asked Judge Koh to not enforce her decision in the Federal Trade Commission’s antitrust case against the company. In a federal court filing, Qualcomm said that it believes it can succeed in appealing the May 21 decision and noted that it could take more than a year to go through the courts. The company has not yet filed the appeal, and Tuesday’s filing only concerned whether the ruling’s provisions will be put on hold temporarily as the appeal process plays out. On the same day, FTC Commissioner Christine Wilson penned an op-ed in the Wall Street Journal publicly backing Qualcomm’s appeal. Commissioner Wilson is dismayed that Judge Koh used this case to “create new legal obligations, undermine intellectual-property rights, and expand the application of our antitrust laws beyond U.S. borders.” The Commissioner also wrote that the Agency’s lawsuit against Qualcomm was “both bad law and bad policy.” Furthermore, Commissioner Wilson called for Judge Koh’s decision to be revisited and said that Qualcomm has an “excellent case” for staying the judge’s ruling. Read more about Qualcomm’s stay request [here](#), read Commissioner Wilson’s op-ed [here](#), and read the WSJ editorial board’s piece about the dangers of Judge Koh’s ruling [here](#).
- Earlier this week, The Federal Circuit Bar Association challenged the U.S. Patent and Trademark Office's controversial policy of seeking attorney fees whenever it is sued over rejected applications, even if it loses, in an amicus brief to the U.S. Supreme Court, arguing that the term "expenses" does not include attorney fees. The decision to interpret the word "expenses" in the statute governing such suits as including attorney fees cuts against the American Rule, which says that litigants generally must pay their own legal fee, the historical

use of the word by Congress, as well as the USPTO's historic interpretation of the word. Up until earlier this decade, the USPTO never sought to charge challengers to cover its attorney fees, the association said. Read more [here](#).

V. International Updates:

- On Wednesday, Canada became the first country to introduce a USMCA implementation bill. While observers note the importance of this step towards USMCA ratifications, some are uncertain of the future of this legislation because of political considerations in Washington. The Trump Administration and House Democrats are at odds over a series of changes to USMCA suggested by Democrats. In particular, House Democrats have concerns over enforcement and want to adjust provisions related to labor, the environment, and prescription drugs. Until the Administration and House Democrats reach an agreement, Canada's implementing bill could be in limbo. Canadian Prime Minister Justin Trudeau is expected to meet with Vice President Mike Pence to discuss next steps in the USMCA ratification push. Prime Minister Trudeau stated earlier in the week that Canada won't rush to approve implementing the bill and instead would be aligning it "very much with the pace of the American administration." Observers note that both the Canadian Parliament and the US Congress face time crunches. The Canadian Parliament adjourns next month ahead of the federal election in October, and in D.C., Congress only has 28 legislative days where both chambers will be in session before its August recess. Read more [here](#).

VI. Industry Updates:

- Robert Greenspoon wrote this week in IPWatchdog that the proposed section 101 reform released by Senators Tillis, Coons, and a group of representatives would create a 112(f) problem. Greenspoon believes that there is "nothing wrong" with section 112 as it currently stands and says that the proposed language in the Coons/Tillis proposal includes a "gratuitous revision" to Section 112(f). Greenspoon writes that staffers justify the edit by stating that most stakeholders had "concerns about the preemptive effect of overly-broad software, computer, or internet-related claims." However, Greenspoon counters this by saying that if the claim language is truly "over-broad," prior invalidity under Sections 102 and 103 will invalidate. Read more [here](#).
- Earlier this week Law360 published an article illustrating stakeholders' views on the recent draft legislation to reform section 101. Ryan Davis wrote that the newly released draft bill to rewrite patent eligibility law was released in response to concerns that the current law on which inventions are eligible for patents under Section 101 of the Patent Act has resulted in excessive patent invalidation. The proposal states that all high court decisions finding that components like abstract ideas, laws of nature, and natural phenomena can't be patented "are hereby abrogated." The abstract idea exception has been fatal to a wide swath of patents, not only on computer and software inventions, but in the biotech field as well, said Sharon Crane of Rothwell Figg Ernst & Manbeck PC. Although abrogating the case law would result in more inventions being patent-eligible, the language of the proposal setting limits for what can be patented may bring about a new era of legal disputes about precisely what the words mean. In a speech last week, U.S. Patent and Trademark Office Director Andrei Iancu called legislative action on patent eligibility "good news", but cautioned that "We must ensure that any legislation on this topic is

narrowly tailored to address the problem at hand, without raising new issues that could add new burdens to, and inject even further uncertainty into, the system.” The sponsors said the draft is not final and was intended to generate feedback, so when a bill is finally introduced, it may look considerably different. Read more [here](#).