

## PATENT & TRADEMARK POLICY REPORT

### NOVEMBER 1, 2019



#### I. Congressional Developments:

- On Wednesday, the Senate Judiciary IP Subcommittee held a hearing titled “Promoting the Useful Arts: How can Congress prevent the issuance of poor quality patents?” Drew Hirshfeld, Commissioner of Patents at the USPTO, briefed the Subcommittee on the current initiatives underway at the Office to improve patent quality, and a panel of witnesses from academia drew upon their research to offer their recommendations on how policymakers can reform the patent system to improve patent quality. Of note, Hirshfeld announced that the USPTO began piloting a new prior art search tool this week that increases examiners’ access to foreign references and non-patent literature. Hirshfeld also reiterated that USPTO Director Andrei Iancu is committed to leveraging Artificial Intelligence (AI) to improve patent quality. Although both Subcommittee Chairman Thom Tillis (R-NC) and Ranking Member Chris Coons (D-DE) recognized that many stakeholders have raised concerns about patent quality during the Subcommittee’s series of patent-related hearings this term, it was apparent that the leaders have not yet reached a decision about whether—or how—to mitigate these concerns through legislative reform. Several witnesses asserted that the USPTO should work to improve its vetting of prior art, whether that be through collaborating with global IP offices, providing more time to examiners, or encouraging third-party submission of prior art. Other notable ideas included restructuring the USPTO’s fees, such as shifting fees up-front and abolishing issuance fees. Senator Richard Blumenthal (D-CT) came in at the end of the hearing to raise concerns about the perceived problem of “product hopping” and “patent thickening.” More info. [here](#).

#### Headlines and Highlights:

- Senate Judiciary IP Subcommittee considers patent quality in hearing featuring government officials and academia.
- Senator Graham plans to hand the Chairmanship of the Senate Judiciary Committee back to Senator Grassley next term.
- Top E&C Republican Greg Walden announces retirement.
- Federal Circuit rules that the way PTAB judges are appointed is unconstitutional.
- USPTO extends AI inquiry to include copyright, trademark, and other IPR impacted by AI.
- EPO and Romania’s OSIM host three-day Patent Information Conference in Bucharest.

- *POLITICO* reported this week that Senator Lindsey Graham (R-SC) plans to hand the Chairmanship of the Senate Judiciary Committee back to Senator Chuck Grassley (R-IA) next term. Senator Grassley gave up his powerful spot on the Judiciary Committee this year to Chair the Senate Finance Committee. However, Graham told reporters in an interview that Grassley asked to take back his post on the Judiciary Committee next term, and Graham responded “absolutely.” Of course, whether Grassley Chairs the Judiciary Committee hinges on Republicans holding their majority in the upper chamber in the 2020 elections. Read more [here](#).
- On Monday, Representative Greg Walden (R-OR) announced that he will retire and not run for another term in 2020. Rep. Walden was first elected to serve in Congress in 1998 and is the top Republican on the House Energy and Commerce Committee. In a statement to *POLITICO*, Rep. Walden explained that although he is confident that he could win in 2020—and optimistic that a path exists for Republicans to recapture a majority in the House—“I also know that for me, the time has come to pursue new challenges and opportunities.” Read more [here](#).
- On Wednesday, House Ways & Means Committee Chairman Richard Neal (D-MA) called for USTR Lighthizer and Democrat working group staff to engage directly with labor officials to hammer out an agreement over the labor and enforcement aspects of USMCA. Neal told reporters after a meeting that he thinks that it would be a “a good idea if labor and the AFL-CIO and trade staff here in the House and the USTR would get together during the next 10 or 12 days.” Neither the AFL-CIO nor the USTR immediately responded to Neal’s call for a meeting. AFL-CIO President Richard Trumka was on the Hill earlier this week for meetings with Neal, Speaker of the House Nancy Pelosi (D-CA), and the Congressional Progressive Caucus. Democrats remain concerned with ensuring that Mexico fully implements its promised labor reforms. *POLITICO* reports that given the upcoming week-long break and calls for more labor meetings, a deal between Lighthizer and House Democrats “is unlikely to happen until closer to mid-November” Read more [here](#).

## II. Administration Updates:

- Over the weekend, the *Washington Post* reported that the Trump Administration is considering blacklisting Chinese companies that repeatedly steal U.S. IP. The *Washington Post* stated that three people close to Peter Navarro, a top advisor to President Trump, claimed that Navarro’s team was considering putting together such a list. According to the sources, Navarro’s team has explored the possibility of blacklisting Chinese companies that violate numerous U.S. copyright and patent laws by placing them on the Commerce Department’s “entity list.” The entity list primarily includes companies that pose a military or terrorist threat to the U.S., but the Trump Administration has argued that economic security is part of national security. In a brief interview with the *Washington Post*, Navarro denied that he was working on a blacklist, calling the reports “fake news.” More info. [here](#).

## III. USPTO Updates:

- On Tuesday, the USPTO announced that it is gathering information about the impact of AI technologies on intellectual property law and policy. Specifically, the USPTO stated that it is extending its inquiry to copyright, trademark, and other intellectual property rights impacted by AI. The USPTO set out thirteen questions on which it seeks input. Comments are due by

December 16<sup>th</sup> and should be submitted by email to [AIPartnership@uspto.gov](mailto:AIPartnership@uspto.gov). More info. [here](#).

- In a webinar on November 7<sup>th</sup> from noon to 1:00 p.m. ET, Patent Trial and Appeal Board (PTAB) Lead Judge James Worth and Judge Alyssa Finamore will explain the ex parte appeal process, tips for filing your appeal brief, and how to make effective arguments before the Board. More info. [here](#).

#### **IV. Judicial Updates:**

- On Thursday, the U.S. Federal Circuit of Appeals in Washington, DC ruled 3-0 that the way PTAB judges are appointed is unconstitutional because they do not receive enough oversight and supervision from the Director of the USPTO. The decision explains that this problem could be fixed by allowing administrative patent judges to be removed at will by the USPTO Director. This would make the judges “inferior officers,” and comply with the U.S. Constitution’s Appointments Clause. Circuit Judge Kimberly Ann Moore writes, “We believe that this, the narrowest revision to the scheme intended by Congress for reconsideration of patent rights, is the proper course of action and the action Congress would have undertaken.” Read more [here](#).

#### **V. International Updates:**

- Around 350 patent professionals from 45 countries gathered at the European Patent Office’s (EPO) three-day Patent Information Conference in Bucharest this week to discuss the latest developments in the field. The event, which was organized in collaboration with Romania’s State Office for Inventions and Trademarks (OSIM), focused on the impact of digital technologies on searching and using patent data. USPTO Director Andrei Iancu gave a keynote address, in which he underlined the import role IP will play in the next Industrial Revolution—highlighting “AI, self-driving vehicles, biotech, personalized medicine, [and] 5G communications.” Read more [here](#).
- As reported by the *Financial Times*, EU competition commissioner Margrethe Vestager is considering a proposal from independent experts that would require digital platforms suspected of anti-competitive behavior, in certain cases, to demonstrate clear gains for their users to avoid punitive measures—instead of Brussels having to show the damaging effects on consumers. The revised burden of proof would apparently only apply to companies preventing users from accessing multiple apps and companies blocking access to their data for third-party applications looking to offer supplementary services. Vestager, who has emerged as a fierce critic of big tech in her current post, is slated to add EU digital policy to her portfolio under incoming commission president Ursula von der Leyen. While underscoring that she has not yet reached a decision on whether to tighten the standard of proof, Vestager suggested that certain companies, such as Google, should bear extra responsibilities if their dominance has made them “de facto regulators.” Read more [here](#).

#### **VI. Industry Updates:**

- On Tuesday, *IP Watchdog* published an editorial by Russell Slifer raising concern about some of the underlying presumptions in the patent quality debate and urging Congress to improve USPTO operations through other reforms. Specifically, Stifler raises concern that

the title of the Senate Judiciary IP Subcommittee’s hearing this week—“Promoting the Useful Arts: How can Congress prevent the issuance of poor quality patents”—supports the premise that there are poor quality patents. This, Slifer worries, “perpetuates the unsubstantiated position that past litigation abuse was due to patent quality.” Slifer concludes that if members of Congress want to improve the overall operations of the USPTO, it should reform the Patent Act to clarify patent eligibility; stop fee diversion from the Office; and support, mandate, or fund new production tools to help examiners find the best prior art early in the examination process. Read more [here](#).

- On Wednesday, *The Hill* published an editorial by David W. Jones, current Executive Director of the High Tech Inventors Alliance and former IP Counsel to the Senate Judiciary Committee, on patent quality. Jones claims that the U.S. has arguably “a full-blown crisis” in patent quality, citing a study by a University of San Diego law professor estimating that 28 of all patents are partially or entirely invalid. To mitigate this perceived problem, Jones suggests giving examiners more time and better tools to review patent applications and financing a greater share of examination costs from application fees. Finally, he argues that the ability to challenge invalid patents needs to be strengthened. Read more [here](#).