

PATENT & TRADEMARK POLICY REPORT

JANUARY 10, 2020



I. Congressional Developments:

- On Tuesday, the Senate Finance Committee reported favorably out legislation to implement the USMCA ([H.R. 5430](#)) by a 25-3 vote. The three senators who voted against the re-negotiated pact include Pat Toomey (R-PA), who has been an outspoken critic of the deal, Bill Cassidy (R-LA), citing concerns that the agreement's altered investor protections for the energy sector would not extend to smaller suppliers and service companies, and Sheldon Whitehouse (D-RI), raising alarm that the bill "does not even mention climate change." Despite clearing the Senate Finance Committee, it is unclear when the bill will be put to a final vote, as it has become entangled in the impeachment timeline. Before the holiday recess, Senate Majority Leader McConnell (R-KY) said he was planning to wait to put the implementing bill to a vote until after the impeachment trial concludes. However, on Thursday Grassley suggested that the Senate will not "dilly-dally" around a vote on USMCA as they wait for Speaker of the House Nancy Pelosi (D-CA) to send over the articles of impeachment. In addition to the Senate Finance Committee, the Senate parliamentarian determined late last week that the USMCA implementation bill must earn the approval of six committees in the upper chamber. Five of these panels are scheduled to vote on the pact next week: the Budget Committee and the Environment and Public Works Committee are slated to consider the agreement on Tuesday; the Commerce Committee and the Health, Education, Labor and Pension (HELP) Committee are scheduled to take a vote on Wednesday; and the Foreign Relations Committee will consider the implementing bill on Thursday. The Appropriations Committee will also have to review the pact—but it has yet to announce a markup date.

Headlines and Highlights:

- Senate Finance Committee reports USMCA implementation bill favorably out, although the timeline for a floor vote remains uncertain.
- ABA IP Committee holds fireside chat regarding the recently-issued DOJ-USPTO-NIST policy statement on SEPs.
- European Commission releases report on protection and enforcement of IPR in third countries.
- Supreme Court to hear oral arguments in *Romag Fasteners, Inc. v Fossil, Inc.* next Tuesday, January 14th.
- Sonos files suit against Google in federal court for allegedly infringing its patented speaker technology.
- Jay Hoffman begins term as USPTO Chief Financial Officer.

- Next Friday, January 17th, the House Antitrust Subcommittee is holding a hearing on platforms and market power in Boulder Colorado, according to the University of Colorado Law School, the event's host. The school indicated that several "top executives" will testify before the subpanel, although the witnesses have yet to be announced. Antitrust Subcommittee Chairman David Cicilline (D-RI) said the purpose of the hearing is to provide members the opportunity to hear from "a diverse group of innovative companies" that are "forced" to rely on dominant online platforms "as gatekeepers to reach consumers and the online marketplace." Read more [here](#).

II. Administration Updates:

- On Wednesday, the ABA IP Committee held a fireside chat regarding the recently issued DOJ-USPTO-NIST [Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments](#). Dina Kallay (Ericsson) and Daniel Sokol (University of Florida) moderated the chat, and William Rinner (Chief of Staff and Senior Counsel, DOJ Antitrust) answered questions. Attorneys, academics, and others in the IP/antitrust community attended the fireside chat in person and over the phone. William Rinner provided background on the new statement and answered questions about how it differs from the 2013 statement. Rinner agreed that the new statement could be succinctly described as clarifying that regardless of whether SEPs are subject to F/RAND licensing commitments, determination of injunctive relief available to SEP owners is governed by the same set of legal principles that govern non-essential patents. Rinner explained that IP policy, specifically regarding SEPs, raises international concerns and that it is important to the DOJ for the Administration to speak in a unified voice regarding issues that impact foreign affairs. According to Rinner, the DOJ viewed it necessary to issue a new statement because it believed the 2013 policy statement had been misinterpreted by the courts, agencies, and in public discourse.
- On Tuesday, the White House Office of Science and Technology Policy proposed a draft set of principles to guide federal agencies when drafting artificial intelligence (AI) regulations. These "first of its kind" principles are designed to hold agencies accountable in how they regulate the private sector's use of AI technology. The Trump Administration stated that the goal of these principles is to provide direction on the technical and ethical issues of AI, while making sure new rules don't impede innovation. In an [editorial](#) posted in *Bloomberg*, U.S. Chief Technology Officer Michael Kratsios outlined three goals these regulatory principles are designed to advance: "ensure public engagement, limit regulatory overreach and promote trustworthy technology." The principles are as followed: (1) public trust in AI; (2) public participation; (3) scientific integrity and information quality; (4) risk assessment and management; (5) benefits and costs; (6) flexibility; (7) fairness and non-discrimination; (8) disclosure and transparency; (9) safety and security; (10) interagency coordination. The White House is accepting public comments on the draft principles for 60 days. After this period, it will issue a final memo to federal agencies and instruct agencies to submit implementation plans. Read the draft memo [here](#) and read more [here](#).
- Chinese Vice Premier Liu He will lead a 10-member delegation to Washington early next week to sign the "Phase One" deal to ease tensions in the sprawling U.S.-China trade dispute. The signing ceremony is scheduled to take place at the White House next Wednesday at 11:30 a.m., at which about 200 people, including representatives from major American trade groups, will be in attendance. President Trump has said that he will travel to Beijing to

commence “Phase 2” negotiations “at a later date,” but China has yet to confirm such a plan, instead indicating that any future negotiations will depend on how the initial deal is implemented. Read more [here](#).

III. USPTO Updates:

- On Monday, Jay Hoffman, the new Chief Financial Officer for the USPTO, began his term. Hoffman replaced Sean Mildrew, who had served as USPTO’s CFO for the past several months. Prior to joining the USPTO, Hoffman served as CFO for the U.S. Consumer Product Safety Commission (CPSC) for eight years, advising the CPSC chairman on all aspects of financial management. In a press release, USPTO Director Andrei Iancu said, “Jay brings extensive strategic financial management skills coupled with decades of leadership in government to this critically important role.” Read more [here](#).
- USPTO has delayed the effective date of its final rule mandating the electronic filing of trademark applications from December 21st, 2019 to February 15th, 2020. The rule, which was published on July 31st, also requires applicants to designate an email address to receive USPTO correspondence, with limited exceptions. More info. [here](#).
- USPTO is seeking public input on the draft examination guide titled “Marks Including Geographic Wording that Does Not Indicate Geographic Origin of Cheeses and Processed Meats.” The draft guide sets out the procedures for examining applications for cheeses and processed meats in which the mark includes geographic wording that does not indicate geographic origin, but otherwise may be a generic designation for such goods. Review the draft [here](#) and post comments [here](#).
- USPTO is hosting a Biotechnology, Chemical, and Pharmaceutical Customer Partnership (BCP) Meeting on January 28th, from 10:30 a.m. to 5:00 p.m. ET at USPTO headquarters. Participants will have the opportunity to speak with agency experts either in person or via webcast. More info. [here](#).

IV. Judicial Updates:

- Sonos has filed suit against Google in Federal District Court in Los Angeles and before the U.S. International Trade Commission for allegedly infringing its patented speaker technology. Sonos claims that the internet giant infringed five of its patents, including on technology that lets multiple wireless speakers connect and synchronize, and is seeking financial damages and a ban on the sale of Google’s speakers, smartphones and laptops in the United States. As detailed by *The New York Times*, Sonos’ lawsuit is part of a broader battle between the speaker maker and tech behemoths Google and Amazon. Beyond allegedly infringing its patents, Sonos executives have raised concern that the tech giants are flooding the market with cheap speakers, reasoning that they can lower the price because their speakers are not just conduits of music—they help sell goods, show ads, and collect data. According to the *NYT*, Sonos executives said they decided to seek legal action only against Google because “they couldn’t risk battling two tech giants in court at once,” but have spoken to congressional staff about testifying about these issues before the House Judiciary Antitrust Subcommittee soon. Read more [here](#).

- Next Tuesday, January 14th, the Supreme Court will hear oral arguments in the trademark infringement case *Romag Fasteners, Inc. v Fossil, Inc.* Justices will consider whether under Section 1125(a) of the Lanham Act, the plaintiff in an action for false use of a mark must prove that the defendant acted willfully in order to receive an award of the defendant's profits, as opposed to a damages award. In the case, Handbag maker Fossil entered a contract with Romag, under which Fossil's manufacturer in China would purchase the small business' patented magnetic snap fasteners from Romag's sole Chinese licensee. However, it was later discovered that Fossil's Chinese manufacturer had purchased counterfeit fasteners from an alternate source not authorized to manufacture or sell Romag fasteners. When Romag sued Fossil, a jury found that Fossil had acted with "callous disregard" of Romag's trademark rights but declined to find that Fossil had acted willfully. The jury recommended an award of about \$90,000 for Fossil's profits under an unjust-enrichment theory and \$6.7 million of profits to deter future infringement. However, the district court held that applicable precedent precluded any award of profits or a violation of Section 1125(a) unless a defendant acted willfully, and the U.S. Court of Appeals for the Federal Circuit affirmed this decision. Read more [here](#).
- On Thursday, Masimo, which develops signal processing technology for health-care monitors, filed a lawsuit against Apple accusing the company of stealing trade secrets and improperly using Masimo inventions related to health monitoring in its Apple Watch. In its complaint, Masimo alleges that Apple obtained secret information under the pretense of a working relationship and then hired away vital employees, including Michael O'Reilly, who became VP of Apple's health technology efforts. Masimo and its spinoff, Cercacor Laboratories, claim that their technology for non-invasive monitoring using light was key to Apple overcoming performance issues with its Watch. Per *Bloomberg*, the companies seek to bar Apple from further use of their patented inventions in future iterations of the Apple Watch and seek the return of confidential information and unspecified damages. Read more [here](#).

V. International Updates:

- On December 23rd, the European Commission released its biennial report on the protection and enforcement of IP rights (IPR) in third countries. The report identifies a list of "priority countries" where the Commission finds the state of IPR protection and enforcement, both online and offline, raise the greatest level of concern. The list is bifurcated into three tiers, with China as the only "Priority 1" country identified. India, Indonesia, Russia, Turkey and Ukraine are listed in the second tier, and Argentina, Brazil, Ecuador, Malaysia, Nigeria, Saudi Arabia and Thailand are labeled as "Priority 3." Of note, the U.S. was removed from the priority list "in light of the good cooperation in international fora such as the TRIPS Council and the OECD as well as its engagement in bilateral discussions in the context of the Trans-Atlantic Working Group on IPR." Nevertheless, the report raises concern about the lack of progress in implementing the World Trade Organization panel decision on Irish Music. Finally, the report also includes a new annex dedicated to the protection and enforcement of plant variety right, because many EU plant varieties are reportedly suffering from weak protection and abuses in Argentina, China, Ecuador, and India. Read more [here](#).
- New statistics about China's patent system surfaced this week, shedding insight into how China is adhering to its vows to step up regulations to protect IP amid charges of widespread IP abuses that have been a focal point in the sprawling U.S.-China trade dispute. According

to the *South China Morning Post*, Chinese applications for international patents rose 10.4 percent in 2019 compared to the previous year, and China granted 453,000 invention patents last year, up almost 5 percent from 2018. According to a statement from its patent office on Monday, this year China will prioritize improving its legal system for IP and “step up international cooperation in the protection of IP rights.” Read more [here](#).

VI. Industry Updates:

- This week, [Ford](#), [Microsoft](#), and [Apple](#) all filed noteworthy patent applications. Ford filed a patent for a self-buckling electronic seatbelt. The patent application states that the seat belt would utilize attracting magnets that would move the clip toward the buckle securely. Microsoft filed a patent for a personalized job candidate ranking system. The system would have the ability to filter out “impression discounting features” such as candidate popularity, and then would use a machine learning model to score and rank candidates. Apple’s patent application described techniques for proactive reminders on Apple devices. One example listed on the application detailed the creation of secure communications channel for identification credentials shared between users for iBeacon. Read more [here](#).