Overview

Director of the US Patent and Trademark Office (USPTO) Andrei Iancu testified on April 18 before the Senate Committee on the Judiciary which was conducting an oversight hearing on the USPTO. The hearing was chaired by Sen. Grassley (R-IA), and attended by Sen. Coons (D-DE), Sen. Harris (D-CA), Sen. Hatch (R-UT), Sen Hirono (D-HI), and Sen. Leahy (D-VT). Overall the members of the committee seemed pleased with Director Iancu’s proactive statements about the need for certainty and clarity in the patent system, and Sen. Hatch praised Director Iancu as being one of the most efficient and favorable PTO leaders with which he has ever dealt. Three key issues were raised by the Senators during their question period: §101 patent eligibility; the Department of Commerce Enterprise Services initiative; and the OPIA reorganization.

Issues Discussed

Director Iancu raised four key themes during his prepared testimony: 1) user fee authority; 2) Patent Trial and Appeal Board (PTAB) panels and §101 eligibility issues; 3) trademark registration issues; and 4) need to invest in IT infrastructure. With respect to user fees, the Director asked the Senators to extend the user-fee authority which is set to expire in September. On PTAB and §101, Director Iancu noted that he was reviewing carefully the operation of the PTAB panels to ensure that they operate consistent with the Leahy-Smith American Invents Act (AIA). To this end, he is studying what they are doing with respect to claim construction, amendments and even how they conduct hearings. In addition, the Director is exploring the patent eligibility analysis undertaken by patent examiners. He noted that recent Supreme Court jurisprudence with respect to §101 has created uncertainty in the patent system, and he wants to be able to provide more concrete tests, within the bounds of his administrative authority. He also noted that should Congress decide to explore a legislative fix to deal with the uncertainty created by the Supreme Court, he would be pleased to work with Congress to achieve the necessary clarity in the statute. With respect to trademark issues, the Director noted that increased foreign filings have resulted in an overly cluttered register, and therefore he was working on developing methods to eliminate these extraneous filings. Lastly, he noted that he was working on ensuring that the necessary improvements to the USPTO infrastructure were undertaken.

On §101, Senators Coons, Harris, Hatch and Grassley all expressed concerns with the uncertainty created by the Supreme Court jurisprudence and pressed Director Iancu on his views. He repeated that he is reviewing current USPTO operations to determine what can be done from an administrative standpoint. He noted that part of the problem is that the Court introduced new terminology that is not defined, including “conventional” and “well understood” (in part 2 of the
Alice/ Mayo test); as a result, PTO is currently working on guidance on how patent examiners should interpret these terms. Sen. Hatch was particularly concerned with the litigation process of applying for a patent as in the context of his Hatch-Waxman act and the inter-partes review (IPR) process. Hatch saw IPR as a conflict for innovators who are already involved in preliminary litigation, as it can affect the timing of Hatch-Waxman-related litigation required for the entrepreneur. The Senator was reassured by Mr. Iancu that the USTPO reviews ongoing litigation before beginning the IPR process, and will closely monitor such litigation in order to avoid any further conflicts. Senator Coons also expressed concerns with the relative lack of precedential opinions that have been issued by the PTAB, and Director Iancu noted that they are working on improving the process for designating precedential opinions. Senator Grassley asked about the timeline for improvements on the Post-Grant Review (PGR) and IPR processes and Director Iancu noted that these should be done by this summer. Senator Harris pressed the Director as to whether he would commit to undertake these changes within 90 days but the Director could not make that commitment, instead Senator Harris asked the Director to update the Committee on his progress within 90 days. Both Senators Harris and Coons noted that there was a need for legislation to deal with the uncertainties in §101; Senator Coons noted the proposals by the ABA IP Law Section, the AIPLA and IPO. Senator Harris asked if there was language that the Director preferred but he demurred.

With respect to the Department of Commerce’s Enterprise Services Initiative, both Senators Coons and Hatch expressed concerns that this initiative could divert fees away from the PTO. Senator Coons entered into the record the ABA IP Law Section letter on this issue as well as the AIPLA/IPO/INTA joint letter. Director Iancu reassured the Committee that no actions from the Department would undermine USPTO’s authority and noted that currently the USPTO is only participating in a limited capacity, i.e. with respect to strategic purchase of networking equipment and software licenses. He noted that the PTO would only continue participating if they can be guaranteed that quality would stay the same (or improve), costs are controlled, and PTO’s independence would remain.

Senator Leahy raised the issue of a proposed reorganization of the Office of Policy and International Affairs (OPIA), expressing his concerns with such a proposal. Director Iancu noted that this reorganization was not moving forward and that any concerns expressed previously could be dealt with by increased coordination and communication. Senator Grassley also expressed his support for OPIA in its current form and Senator Leahy admonished the Director that any such reorganization must be brought forth to the Appropriations Committee before it could be approved. Director Iancu again reassured the Senator that at this point no such reorganization would be moving forward.

Other topics of interest from the panel included issues of China and IP theft/forced tech transfer (the Director noted that USPTO was working with USTR, as well as with other IP offices on this issues); the Marrakesh Treaty for the Blind and bolstering the enforcement of IP crimes. Sen. Hirono raised the issue of unconscious bias against female inventors by patent examiners (as detailed in a Yale University study) and urged Director Iancu to start the application process with
initials rather a name of an innovator, which the Director noted that he would take into consideration.

**Testimony**

Chairman Grassley’s opening statement can be found here:  

Director Iancu’s prepared testimony can be found here:  