

House Committee on the Judiciary  
Oversight Hearing of the U.S. Patent and Trademark Office  
May 22, 2018

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## Overview

Director of the US Patent and Trademark Office (USPTO) Andrei Iancu testified on May 22 before the House Committee on the Judiciary which was conducting an oversight hearing on the USPTO. The hearing was chaired by Representative Goodlatte (R-VA), and attended by Representatives Chabot (R - OH), Issa (R- CA), King (R- IA), Gohmert (R -TX), Marino (R- PA), Labrador (R-ID), Collins (R-GA), DeSantis (R-FL), Ratcliffe (R-TX), Johnson (R- LA), Handel (R- GA), Lofgren (D-CA), Johnson (D-GA), Bass (D- CA), Cicilline (D- RI).

The main issues that were raised by Iancu and the Committee were: 1) the need to extend the **USPTO user fee authority**, which expires in September; 2) the need for **PTAB reform**, in particular the recent rulemaking with respect to the change in the claim construction standard; 3) **§101 patent eligibility**; and 4) **IP theft overseas**, particularly with respect to China.

## Issues Discussed

Director Iancu raised four key themes during his prepared testimony, which were the same ones that he raised last month during the Senate Judiciary Committee's oversight hearing: 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 noted that they recently issued guidance on how to implement the recent U.S. Supreme Court decision in *SAS Institute, Inc. v. Iancu* 138 U.S. 1348; in addition, USPTO has just initiated a rulemaking with respect to the claim construction standard to be used in PTAB proceedings. USPTO is also studying what can be done with respect to amendments at the PTAB; institution decisions and even how they conduct hearings. The Director noted that he is also exploring the patent eligibility analysis undertaken by patent examiners. He remarked 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.

With respect to extending the **PTO User Fee authority**, Representatives Chabot and Johnson both noted that they had just introduced legislation yesterday (HR 5887<sup>1</sup>) to extend USPTO's fee setting authority. Several Members of the Committee including Reps. Marino and Demmings asked whether PTO had enough resources to handle their current workload, and to recruit a skilled workforce and Director Iancu said that he did. He was also questioned about the backlog by Representative Johnson (La.) and the Director noted that they are working efficiently through the backlog, always balancing expediting the backlog while ensuring quality searches. With respect to the Department of Commerce's Enterprise Services Initiative, Rep. Labrador expressed concerns that this initiative could divert fees away from the PTO. Director Iancu noted that he was "keenly aware" of the issue and in close contact with the Department of Commerce to ensure that PTO user fees are not diverted.

The need for **PTAB reform** was a key focus of discussion. Chairman Goodlatte asked the Director what specific changes he was planning to propose to PTAB proceedings, and the Director noted that they had just issued a **rulemaking to align the claim construction standard with the standard used in Federal District Courts**. In addition, he is reviewing the **institution** process as well as **amendment** process, and the **hearing** process itself with respect to **extending time of hearings**, as well as **access to witness testimony**. With respect to the **amendment** process, Iancu indicated that they are reviewing the feasibility of having **examiners from the examination corps participate in PTAB proceedings** to facilitate amendments. On **institution**, the Director noted that the USPTO has discretion on whether to institute proceedings, and perhaps the PTAB should ask itself whether the same issues have already been raised by examiners, or in District Court proceedings, etc. Reps. Lofgren and Issa both took issue with the recent rulemaking with respect to the **claim construction standard**, noting that it was their belief that Congress explicitly wanted to have different standards between the PTAB and District Courts. The Director pushed back on this, noting that the AIA grants the USPTO the discretion to decide this issue, and that having the same standard at the PTAB and District Courts prevents gamesmanship and forum shopping, and ultimately ensures a more reliable patent system.

On **§101**, Reps. Goodlatte, Chabot, King, Johnson (Ga.), Johnson (La.), and Collins 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 has recently issued guidance on how patent examiners should interpret and document whether something is "conventional". They are also developing further guidance on terms such as "abstract idea", and "directed to".

Rep. Collins noted the uncertainties created by the *Myriad/Alice* decisions, particularly in the life sciences and software industries and asked the Director what Congress should do about it.

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<sup>1</sup> A Bill To Amend The Leahy-Smith America Invents Act To Extend The Period During Which The Under Secretary Of Commerce For Intellectual Property And Director Of The United States Patent And Trademark Office May Set Or Adjust Certain Fees, And For Other Purposes

Director Iancu noted that §101 has not been amended since 1952 (and in fact included language drafted by Thomas Jefferson) and therefore if the Committee decides to amend the language, the Director would be pleased to work with Committee.

Several Members, including Reps. Ciccilline, King, Demmings and Handel asked about the impact of **IP theft overseas** and what the USPTO was doing to support rights holders. The Director noted that USPTO was working with USTR, as well as with other IP offices on this issue. He also noted that the IP Attachés overseas served as a key point of contact and resource for U.S. companies operating overseas and were able to provide technical assistance to these companies. Reps. Demmings and Handel both pressed the Director to ensure that the Administration included strong IP provisions in any re-negotiated, or newly negotiated trade agreements.

These two Representatives also asked how the Director advised on copyright issues, and commented on the need for accountability by online platforms for illegal activities taking place therein. The Director noted that he worked closely with the Copyright Office and the interagency on copyright issues; and also that with respect to online issues he was engaging with stakeholders. Lastly, Rep. Rutherford asked about section 211 of the Helms Burton Act, and the registration by the Government of Cuba of the Havana Club trademark, and the Director noted that all activities were stayed pending litigation.

## **Testimony**

Chairman Goodlatte's opening statement can be found here:

<https://judiciary.house.gov/press-release/goodlatte-statement-at-uspto-oversight-hearing/>

Director Iancu's prepared testimony can be found here:

<https://judiciary.house.gov/wp-content/uploads/2018/05/Director-Iancu-Testimony.pdf>

Link to the Webcast of the hearing:

<https://judiciary.house.gov/hearing/oversight-of-the-united-states-patent-and-trademark-office/>