



American Intellectual Property Law Association

February 26, 2021

The Honorable Joseph R. Biden
President of the United States
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Re: Recommendations on Intellectual Property Priorities for the Biden Administration

Dear President Biden:

Congratulations on your election as the 46th President of the United States. The American Intellectual Property Law Association (AIPLA) commends you for identifying the COVID pandemic as a top priority for your Administration, not only because of its effects on the health of the nation, but also because of its serious consequences for the economy. We believe that the innovations that result from a strong and balanced intellectual property system are essential for both our nation's health and its economy. As you work to choose personnel and develop policy objectives, we offer the following recommendations with respect to intellectual property.

I. Background

Established in 1897, AIPLA is a national bar association of approximately 8,500 members who are engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent (utility and design), trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention but that also balance the public's interest in healthy competition, reasonable costs, and basic fairness.

The U.S. intellectual property system is grounded in our Constitution, which recognizes the importance of laws that incentivize creativity and innovation. Specifically, our founding fathers granted Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”¹

Now, more than two and a quarter centuries later, intellectual property touches nearly every part of the U.S. economy, and every American interacts with intellectual property on a daily basis. The drugs that keep us healthy and cure diseases, the technology creating efficiencies at home and in manufacturing, the computers and smart phones that keep us connected, the entertainment we create and consume, and everything in between, rely on strong and fair intellectual property rights.

¹ U.S. Const. art 1, §8, cl. 8.

The importance of this country's intellectual property system was confirmed by a 2016 U.S. Department of Commerce report, jointly produced by the Economics and Statistics Administration and the U.S. Patent and Trademark Office (USPTO). According to this report, intellectual property-intensive industries in 2014 directly accounted for 27.9 million jobs, indirectly accounted for 17.6 million supply-chain jobs, and added \$6.6 trillion in value to the U.S. gross domestic product.² According to a 2020 report of the International Intellectual Property Alliance, the value of the core copyright industries to the U.S. GDP reached more than \$1.5 trillion dollars, accounting for 7.41% of the U.S. economy.³ In addition, the March 2020 report of the U.S. Intellectual Property Enforcement Coordinator details the costs that counterfeit and pirated goods impose on the U.S. economy. It spells out the efforts of multiple U.S. agencies to counter unfair trade practices at home and abroad (in particular, China) with all appropriate means, whether through dialogue or enforcement tools.⁴

Moreover, numerous other organizations have addressed problems of digital piracy,⁵ IP issues in the pandemic,⁶ the economic impact of counterfeiting,⁷ and the international aspects of IP⁸.

With this background, AIPLA respectfully requests that you consider the following issues and comments as you select the leadership for your Administration and develop your intellectual property policy priorities.

II. USPTO Leadership

Patents granted by the USPTO encourage technological advancement by providing incentives for invention, investment, and worldwide disclosure of new technology. Trademarks registered by the agency allow businesses to protect their investments and reputations and safeguard consumers from confusion and deception in the marketplace. By disseminating both patent and trademark information, the USPTO promotes an understanding of intellectual property protection and facilitates the development and sharing of new technologies.

A strong intellectual property system requires strong leadership, which starts with the appointment of a qualified executive to serve as the Director of the USPTO. A crucial role for such a leader is to be a champion of the IP system that offers incentives for efforts of creativity and innovation with the reward of exclusive rights for the applicable periods of time. These

² *Intellectual Property and the U.S. Economy: 2016 Update* (2016), U.S. Department of Commerce, available at <https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf>.

³ *Copyright Industries in the U.S. Economy: The 2020 Report*, available at <https://www.iipa.org/files/uploads/2020/12/2020-IIPA-Report-FINAL-web.pdf>.

⁴ *Annual Intellectual Property Report of the U.S. Intellectual Property Enforcement Coordinator*, available at <https://www.whitehouse.gov/wp-content/uploads/2020/04/IPEC-2019-Annual-Intellectual-Property-Report.pdf>.

⁵ *Impacts of Digital Piracy on the U.S. Economy*, The Global Innovation Policy Center, available at <https://www.theglobalipcenter.com/wp-content/uploads/2019/06/Digital-Video-Piracy.pdf>.

⁶ *Why Intellectual Property Protection Matters in the Time of Coronavirus*, The Global IP Center, available at <https://www.theglobalipcenter.com/why-intellectual-property-protection-matters-in-the-time-of-coronavirus/>.

⁷ *Measuring the Magnitude of Global Counterfeiting*, U.S. Chamber of Commerce, available at <https://www.uschamber.com/sites/default/files/documents/files/measuringthemagnitudeofglobalcounterfeiting.pdf>.

⁸ EPO Study on economic impact of IP, available at <https://www.epo.org/about-us/annual-reports-statistics/annual-report/2016/highlights/economic-impact-of-IP.html>.

limited periods of exclusivity provide essential pro-competitive incentives, which ensure investment in new technology and creative works.

The USPTO Director is responsible for directing policy and supervising management for the USPTO's issuance of patents and registration of trademarks. AIPLA has developed a report describing the important responsibilities of the Director and Deputy Director of the USPTO and outlining the specific skills and experience we believe are necessary to ensure an efficient and effective USPTO.⁹ We offer a summary of the report's recommendations below.

USPTO leadership positions should be filled with top-caliber, knowledgeable, intellectual property professionals who have the ability and commitment to encourage innovation and economic growth in the United States. They should be experienced, highly respected leaders in whom the President, Congress, intellectual property businesses, and international communities have confidence. They should have strong legal and executive leadership skills, as well as a comprehensive understanding of domestic and foreign intellectual property laws and related international agreements, preferably including patent and trademark prosecution, licensing, and litigation experience.

Preferred candidates should have at least 15 years of industry or USPTO experience, with 10 or more years of managerial and fiscal responsibility in a corporation, administrative agency, or law firm.

III. Patents

a. Patent Subject Matter Eligibility under 35 U.S.C. § 101

Independent inventors, as well as small and large businesses alike, need a strong, balanced, and predictable patent system to foster R&D, manufacturing and sales. Section 101 of Title 35 sets out the categories of patent-eligible subject matter that may be entitled to patent protection. However, in recent years Supreme Court decisions have created uncertainty about the kinds of innovations that are patent-eligible in certain industries, such as biotechnology and computer software.¹⁰

Meanwhile, the USPTO has experienced challenges in applying the Court's evolving interpretation of patent eligibility into its examination processes. For more than ten years, the Office has issued and reissued guidance in attempts to apply the Court's elusive rules of statutory subject matter. The 2019 USPTO guidance, incorporated into the USPTO Manual of Patent Examination Procedure,¹¹ attempted to reduce uncertainty and is greatly appreciated by the stakeholder community.

⁹ *Recommendations Regarding Qualifications for the Next Director and Deputy Director of the U.S. Patent and Trademark Office* (July 2018), available at https://www.aipla.org/docs/default-source/advocacy/aiplawhitepaperusptodirector_july2018_final.pdf?sfvrsn=58bc9092_2.

¹⁰ See, e.g., *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 10, 132 S. Ct. 1289 (2012); *Alice Corp. Pty. Ltd v. CLS Bank Int'l*, 134 S. Ct. 2347(2104).

¹¹ USPTO guidance on subject matter eligibility, available at <https://www.uspto.gov/patent/laws-and-regulations/examination-policy/subject-matter-eligibility>.

Ultimately, AIPLA believes that more clarity, from the Congress in particular, is needed in this area. We ask that your Administration support the USPTO's ongoing initiatives and policy efforts to further clarify this area of the patent law.

b. Patent Quality and USPTO Post-Grant Proceedings

The U.S. patent system is intended to encourage disclosure of innovations by granting to inventors the exclusive right to their discoveries for a limited time. The issuance of high-quality patents is critical to ensure the system works efficiently and effectively.

A quality patent is one that claims an invention in a manner that allows the person of ordinary skill in the art to understand both the invention and the metes and bounds of the exclusive rights. The USPTO has been studying ways to improve the overall quality of granted patents. Stakeholder participation has been a hallmark of this pursuit of quality, and we hope that this will continue throughout your Administration.

AIPLA believes that adequate funding for the USPTO examination process is critical to ensure high-quality patents. The USPTO is funded through fees paid by the users of its services. The steps already taken by the USPTO to address its quality and pendency issues, which were made possible in large measure by empowering USPTO to retain and use all of its fee revenue, demonstrate the absolute necessity of allowing the USPTO to continue to retain and use its fee revenues. This is particularly important as new technologies such as artificial intelligence (AI) are being developed. Given the importance of our intellectual property system as a key economic driver that attracts and protects investment in new technology, our country's innovators who pay USPTO fees deserve no less. Improvements at the USPTO depend on the Office's fiscal ability to meet these growing challenges. AIPLA strongly supports allowing the USPTO to continue to retain and use all of its fee revenues while ensuring continuing and appropriate Congressional oversight.

Regarding patents that have already issued, Congress added a further quality check by creating Patent Trial and Appeal Board (PTAB) proceedings, in 2011 in the America Invents Act (AIA). When the AIA was enacted, then USPTO Director David Kappos recognized the need to continually study and improve these new proceedings to ensure that they serve the important purposes for which they were created. In the first few years of the PTAB's existence, its proceedings were used more frequently than anticipated. Concerns were expressed that the proceedings, as originally implemented, were not as fair and balanced as they should be, and that they favored those seeking to invalidate patents.

Over the past several years, the USPTO has sought to bring balance to these administrative challenges, while instituting a variety of changes to promote certainty and fairness for the parties. AIPLA believes that these changes have had a positive impact and should be maintained. AIPLA believes further consideration of these proceedings is warranted and looks forward to working with your Administration to address issues at the PTAB to ensure balance and equity.

c. International Patent Issues

Intellectual property rights for some time have been matters of domestic and international significance. The United States years ago set the standard for effective and predictable IP protection, and it has undertaken significant efforts to promote those standards around the world giving U.S. businesses a level playing field in the global marketplace. These international efforts remain a work in progress.

Differences persist among the various national and regional patent systems as to both procedural and substantive requirements for patent protection. These differences inject into the international IP system additional cost, complexity, uncertainty, and in some circumstances risk loss of rights. Increased globalization of businesses and the international nature of the internet and Big Data underscore the need to reduce barriers to international patent protection.

Harmonizing the substantive requirements for obtaining patents was recognized as an important goal in the discussions of the Trilateral Offices (a name given to a forum of the European, Japanese and the United States Patent Offices). The substantive harmonization discussions continue through the Group B+ subgroup (including the Patent Offices of Australia, Canada, Denmark, Germany, Hungary, Japan, South Korea, Spain, Sweden, the UK, and the United States as well as the European Patent Office). The AIA made significant progress toward that goal but more can and needs to be done. AIPLA, as a member of the Industry Trilateral, works towards this goal. Harmonizing the procedural requirements for obtaining patents is being pursued by the IP5 patent offices (Europe, Japan, Korea, China, and the United States). AIPLA, as a member of the IP5 Industry Group, also works towards procedural harmonization.

U.S.-led IP initiatives are readily apparent in the U.S.-China Phase I Agreement, the United States-Mexico-Canada Agreement (USMCA), and other free trade agreements. AIPLA urges that your Administration continue these efforts to move intellectual property law towards a more fair and predictable standard for the global marketplace.

IV. Trademarks

The primary function of the trademark system is to prevent consumer confusion regarding the source of goods and services. This in turn benefits U.S. businesses by giving them the ability to protect their brands and goodwill.

Trademarks operate differently from patents in the U.S. intellectual property system. Unlike patent rights, which are rooted in the Constitution, exclusively federal, and established by a USPTO grant of a patent, trademark rights are rooted in the common law and may be protected under state and federal law. Federal registration of a mark at the USPTO provides substantial benefits to trademark owners. Federal protection and enforcement of trademarks are based on the Commerce Clause and regulated by Congress under the Lanham Act.

Trademarks are critically important to the U.S. economy. A 2014 study suggests that trademark-intensive industries contributed the most jobs of all the intellectual property-intensive industries.¹²

Trademarks protect individual entrepreneurs and publicly traded companies alike, and a strong, robust registration system is important to our economy. As with patents, the USPTO is committed to improving the quality, accuracy, and integrity of the Trademark Register. AIPLA believes the next leadership of the USPTO should continue these efforts as well as other initiatives by, among other things:

- Reinforcing existing trademark-related COVID relief measures, and extending and expanding those accommodations as needed to protect brand owners adversely impacted by the pandemic;
- Prioritizing effective and fair implementation of the Trademark Modernization Act (“TMA”),¹³ including the new *ex parte* post-registration reexamination and expungement procedures;¹⁴
- Continuing efforts to modernize the Trademark Office’s IT systems used by examiners and stakeholders during trademark prosecution, trademark maintenance, and proceedings at the Trademark Trial and Appeal Board;
- Ensuring certainty, reliability, clarity, and quality in the trademark application, registration, and maintenance processes at the USPTO;
- Preventing abuse of the U.S. trademark system, including use of digitally altered specimens or false or non-compliant proof of use submissions, circumventing the U.S. counsel rule, and distributing fraudulent trademark notices and solicitations;
- Continuing and refining procedures aimed at preventing and removing “dead wood” registrations (i.e., registrations for marks not in use) from the Trademark Register;
- Improving anti-counterfeiting enforcement mechanisms and tools, including with respect to counterfeiting on online platforms; and
- Continuing cooperative efforts to strengthen the Madrid System for the international registration of marks.

¹² “As in the 2012 report, trademark-intensive industries contribute the most to employment. These industries accounted for 23.7 million jobs in 2014 (up from 22.6 million in 2010), or 85 percent of all IP-intensive jobs (up from 83 percent in 2010).” U.S. Department of Commerce, Intellectual Property and the U.S. Economy: 2016 Update, *supra* note 2, at 10.

¹³ Division Q, Title II, Subtitle B of the “Consolidated Appropriations Act, 2021,” Public Law No: 116-260 (12/27/2020).

¹⁴ AIPLA appreciates the USPTO’s outreach to stakeholders thus far on how best to fairly and effectively implement the TMA. AIPLA looks forward to further engagement on this issue in the coming year, as the rulemaking process relating to TMA commences in earnest.

V. Copyrights

AIPLA believes the U.S. Copyright Office plays an essential role in the success of copyright industries and the economy. While creative works enjoy copyright protection when they are fixed in a tangible form of expression, registration at the U.S. Copyright Office provides additional benefits to a copyright owner, including the ability to bring a copyright infringement action in federal district court. By administering the exclusive rights that underlie countless business transactions, the Copyright Office has helped copyright industries grow, benefiting creators, business owners, and the public.

a. Copyright Office Modernization

The Copyright Office administers the exclusive rights of copyright owners along with a broad array of responsibilities, including examining works, issuing copyright registrations, recording transfers of copyright ownership and other copyright documents, administering statutory licenses, and managing mandatory deposit requirements. It carries out each of these duties while ensuring public access to all related information. The deposit requirements, for example, play an important role in maintaining and expanding the collection of the Library of Congress.

In recent years, significant attention has been given to the challenges of modernizing the Office and its ability to perform its functions to the standards desired of the copyright industries that depend on its services. While substantial progress has been made, much more needs to be done to ensure its recordation and registration systems, and other information technology (“IT”), meets stakeholders’ needs.

b. Effective Implementation of the CASE Act

Congress also recently enacted the “Copyright Alternative in Small-Claims Enforcement Act (“CASE Act”).¹⁵ The CASE Act seeks to reduce the hardship on small copyright owners of pursuing enforcement actions in federal court. Some copyright owners need only financial relief for copyright infringement, and that need has been amplified by the Internet.

While we recognize the importance of improving protection for small copyright owners, there remains the all-important task of implementing this legislation with fair and effective regulations. The challenge of establishing effective procedures for the newly created “Copyright Claims Board” will require a careful balancing of the parties’ interests as well as the administrative interests of the Office itself. AIPLA stands ready to assist the Copyright Office in any way we can to develop appropriate implementing regulations for this new Board.

VI. Additional Intellectual Property Areas of Interest

There are several additional issues on which AIPLA would welcome further discussion with your Administration, including:

¹⁵ Division Q, Title II, Subtitle A of the “Consolidated Appropriations Act, 2021,” Public Law No: 116-260 (12/27/2020).

- a. **Appointment of a Qualified IP Enforcement Coordinator (IPEC):** The IPEC plays a critical role within the Administration to ensure that the agencies tasked with enforcement of U.S. IP rights are taking a coordinated, cooperative approach. It is imperative that this position is filled with a qualified professional.
- b. **Enforcement of IP Rights Abroad:** Effective IP enforcement is essential to American businesses and vital for the protection of U.S. consumers from harmful counterfeit products. AIPLA supports efforts in raising the minimum standard of IP protections abroad so that they appropriately protect the investments of U.S. innovators. In addition, AIPLA would support efforts to reduce counterfeiting, strengthen enforcement of exclusion orders issued by the U.S. International Trade Commission, strengthen design patent protection at the border, and reduce the economic costs for U.S. IP rights holders to enforce their rights.
- c. **Trade Secrets Protection:** Many American businesses depend on trade secret protection to protect their innovations. There have been recent reports of increased trade secret theft by foreign hackers, international companies, and rogue employees interested in stealing U.S. business' trade secrets. The passage of Defend Trade Secrets Act in 2016 was a positive step, and AIPLA encourages your Administration to continue efforts to protect U.S. trade secrets.

VII. Expanding Opportunities for the IP Ecosystem

The importance of intellectual property to the U.S. economy requires appropriate incentives to create and innovate in the context of an ecosystem that nurtures the development of creative and innovative works.

This was the objective of the study conducted by the USPTO and Small Business Administration under the “Study of Underrepresented Classes Chasing Engineering and Science Success (SUCCESS) Act of 2018.”¹⁶ A 2019 report to Congress under the Act lists six new USPTO initiatives and five legislative recommendations for increasing the participation of women, minorities, and veterans as inventor-patentees and entrepreneurs.¹⁷

Recently, the National Council for Expanding American Innovation (NCEAI) was launched to help guide the USPTO in developing a comprehensive national strategy to build a more diverse and inclusive innovation ecosystem by encouraging participation demographically, geographically, and economically.¹⁸ AIPLA is actively engaged in the work of the National Council, as a member of the Board and participant in its Working Group. AIPLA looks forward to working with your Administration to continue to advance these initiatives to bring the U.S. intellectual property system to a wider population of inventors and creators than ever before.

¹⁶ Public Law No: 115-273 (10/31/2018), See USPTO web page on the SUCCESS Act, available at <https://www.uspto.gov/ip-policy/legislative-resources/successact?MURL=successact>.

¹⁷ Available at <https://www.uspto.gov/sites/default/files/documents/USPTOSuccessAct.pdf>.

¹⁸ See USPTO Webpage at <https://www.uspto.gov/initiatives/expanding-innovation/national-council-expanding-american-innovation>

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Thank you for taking the time to consider our views. AIPLA looks forward to working with your Administration to ensure that our intellectual property system continues to thrive and provide benefits to the U.S. economy and the public at large.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph R. Re".

Joseph R. Re

President

American Intellectual Property Law Association