



AMERICAN CONTINENTAL GROUP

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PATENT & TRADEMARK POLICY REPORT

JULY 19, 2024



I. Congressional Update:

- Last Friday, IP Subcommittee Chair Darrell Issa (R-CA-48) introduced the Litigation Transparency Act of 2024 to mandate disclosure of third-party litigation financing agreements in civil lawsuits. This bill follows the recent subcommittee hearing examining the impact of third-party funding on the legal system and IP litigation. The bill text can be found [here](#).

II. USPTO Updates:

- On Thursday, July 11, Kathi Vidal, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO), shared insights on the agency's initiatives to combat patent and trademark application pendency. Vidal emphasized the importance of a reliable intellectual property system for fostering innovation and economic development. She outlined various strategies, including optimizing the routing of patent applications, extending examiner working hours, increasing hiring and compensation for patent professionals, and utilizing AI tools. Additionally, Vidal highlighted the agency's efforts to upgrade IT systems to improve efficiency. Despite facing challenges such as a pandemic-induced "inherited backlog," the USPTO has made notable strides in reducing pendency times and enhancing the examination process for patents and trademarks. Read Vidal's full remarks [here](#). In response, ACG's Marla Grossman, in an article in IP Watchdog, praised Director Vidal for her leadership, saying, "The challenges are complex and will take time to address. However, it is a brave act of leadership to officially recognize these

Headlines and Highlights:

- Issa Introduces Third-Party Litigation Financing Bill
- USPTO Director Kathi Vidal Addresses Patent and Trademark Pendency Challenges, Receives Praise from ACG's Marla Grossman
- USPTO Issues AI Patent Eligibility Guidance
- USPTO to Host Listening Session on AI and Prior Art
- USPTO to Host Roundtable on Protecting NIL, Persona, and Reputation
- CAFC Dismisses Koss Corp.'s Appeal in Wireless Earphone Patent Case
- Federal Circuit Affirms Ineligibility of Background Check Patent Claims

In the Blogs:

IP Watchdog, [ACG's Marla Grossman: Kudos to Director Vidal for Embracing the Hard Challenges of Leadership](#)

IP Watchdog: [The Administrative](#)

challenges and meet them head-on." Grossman likened Vidal's approach to President John F. Kennedy's famous moonshot speech, emphasizing the importance of tackling difficult goals not because they are easy, but because they are hard. She noted that high patent pendency can discourage innovation and hinder economic growth by delaying patent approvals and creating uncertainty for inventors and companies. Grossman commended Vidal for implementing measures such as optimizing patent routing, extending examiner working hours, and increasing compensation to attract and retain talented examiners. She stressed the need for continued stakeholder participation and congressional support to fully address the multidimensional reasons for increasing pendency. "Kudos to Director Vidal for reaching for the moon and addressing this hard challenge," Grossman concluded. Read Grossman's full article [here](#).

- On July 17, 2024, the U.S. Patent and Trademark Office (USPTO) issued a significant update on patent subject matter eligibility to better address innovation in critical and emerging technologies, including artificial intelligence (AI). This updated guidance will assist USPTO personnel and stakeholders in determining the eligibility of AI inventions under patent law (35 § U.S.C. 101). It builds on previous guidance, providing further clarity and consistency in evaluating the eligibility of claims in AI-related patent applications. Additionally, the update includes three new examples demonstrating the application of this guidance across a range of technologies, helping USPTO personnel during patent examination, appeal, and post-grant proceedings. The USPTO continues to actively develop legal and policy measures addressing the intersection of AI and intellectual property, fulfilling obligations under the Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence. Public comments will be accepted through September 16, 2024. The full text of the guidance update can be found [here](#).
- On July 25, the United States Patent and Trademark Office (USPTO) will host a listening session on the impact of the proliferation of artificial intelligence (AI) on prior art and a person having ordinary skill in the art (PHOSITA). The session will take place from 10 a.m. to 3 p.m. ET, both virtually and in person at USPTO headquarters, National Inventors Hall of Fame Museum, in Alexandria, Virginia. According to the USPTO, the purpose of the session is to gather public input from a broad group of stakeholders regarding the impact of AI proliferation on prior art and PHOSITA, as outlined in the questions for public comment in the April 30, 2024, Federal Register notice. Attendees wishing to speak at the session, either virtually or in person, must register by 8 p.m. ET on July 19. Those who want to attend, but not speak, must register by 8 a.m. ET on July 25. Read more [here](#).
- On August 5, the United States Patent and Trademark Office (USPTO) will hold a roundtable titled "Protecting NIL, Persona, and Reputation in the Age of Artificial Intelligence." Announced in the Federal Register on July 1, the roundtable seeks public input on whether existing laws protecting an individual's reputation and prohibiting unauthorized use of an individual's name, image, voice, likeness, or other indicia of identity are sufficient given the development and proliferation of AI technology. The roundtable will feature an in-person session and a separate virtual session. Individuals wishing to participate as a speaker at either session must submit a request to NILroundtable@uspto.gov by July 31, 2024. Supplementary information and a link to register to watch the livestream can be found [here](#).

- On Friday, August 2, the U.S. Patent and Trademark Office's Trademark Public Advisory Committee (TPAC) will hold its next quarterly meeting from 11 a.m. to 12:35 p.m. ET in Alexandria, Virginia, and online. Attendees can learn about trademark-related policies, goals, performance, budgets, and user fees. The meeting agenda will be available on the TPAC event page one week prior.

III. Judicial Updates:

- On Friday, July 19, the U.S. Court of Appeals for the Federal Circuit (CAFC) delivered a significant ruling, dismissing Koss Corp.'s appeal concerning the Patent Trial and Appeal Board's (PTAB) decision to invalidate certain wireless earphone patent claims. This dismissal was based on a prior district court ruling that deemed the claims patent ineligible. Initially, Koss had filed a patent infringement lawsuit against Bose Corporation in Texas, simultaneously suing Plantronics, Inc. over the same patents. Bose responded by requesting inter partes review, leading to the PTAB invalidating all asserted claims of two patents and some claims of a third. Koss appealed these findings, and Bose cross-appealed. However, the CAFC determined that Koss's agreement to dismiss the Plantronics case with prejudice, without preserving the right to appeal, rendered the district court's invalidation of the claims final. This decision stood, unaffected by Koss's Second Amended Complaint.
- On Thursday, July 18, the Federal Circuit held that Miller Mendel's background check software was patent-ineligible under 35 U.S.C. § 101 in the case of Miller Mendel, Inc. v. City of Anna, Tex., 22-1753, 22-1999. Despite Miller Mendel's argument that the district court overlooked the software's improvements to computer technology and its inclusion of non-conventional elements, the Federal Circuit concluded that the software was "directed to the abstract idea of performing a background check." The court noted that the software merely facilitated background investigations by performing common tasks such as receiving, storing, transmitting, determining, selecting, and generating information without improving the underlying computer technology. The use of generic and conventional computer components in no specific order and the automation of routine background check tasks led to the determination that the claims were not patent-eligible. Read more [here](#).