Vidal Agrees Eligibility Needs More Clarity in Senate Judiciary Committee Questioning of Two IP Nominees (ipwatchdog.com)

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Today, the full Senate Judiciary Committee held a hearing to question two key IP nominees: Judge Leonard Stark of the of the United States District Court for the District of Delaware, who was nominated to replace Judge Kathleen O'Malley on the U.S. Court of Appeals for the Federal Circuit (CAFC); and Katherine Vidal, the nominee for Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO). IPWatchdog has previously reported on the qualifications of both candidates and what their appointments might mean for IP law and practice going forward.

While neither nominee made any particularly earth shattering statements, as is often the case in such hearings, Senator Thom Tillis (R-NC), a vocal IP advocate, said he was heartened by Vidal's acknowledgement that it has become "very difficult to understand the contours of [patent eligibility] law." Vidal also stated that the current USPTO guidelines on eligibility, which were revised by former USPTO Director Andrei Iancu to provide more clarity, are consistent with the law right now.

Vidal: Yes, 101 Needs Clarity

Vidal was part of a panel of five, with the other four nominees being judicial candidates. While much of the questioning was focused on the judges—particularly the nominee for United States District Judge for the Southern District of New York, Dale Ho, who came under fire for some allegedly partisan tweets he made—Vidal was questioned by a number of senators, with Tillis and Senator Chris Coons (D-DE) reserving all of their questions for her.

“I come here prepared for the challenges we face,” Vidal said in her introduction. “We can build more predictability so that inventors, creators and investors will have more confidence.” Vidal added that she will be guided by three principles if confirmed: 1) to work in the best interests of the United States and to advance U.S. innovation; to further strengthen the patent and trademark system by improving patent quality and the integrity of the trademark register; and to maintain the United States as an innovation world leader by engaging with all stakeholders, Congress, the Commerce Departments, other government agencies and international allies.

Senator Chuck Grassley (R-IA) began the questioning of Vidal by asking her what she sees as the biggest issues with the current patent system, and specifically, which policies of

previous patent office administrations she would keep in place and which she would change?

Vidal acknowledged the widely touted reforms implemented by former USPTO Director Andrei Iancu on patent eligibility guidance for examiners and said that she would continue Iancu's focus in this area. She explained:

In terms of what happened in the prior administration, I know that there were policies set forth, including on 101, on patent eligibility. I think that's an area that's always deserving of attention because the law is not set; every single Federal Circuit judge has said it's very difficult to understand the contours of the law, so that is something I would certainly always revisit to make sure that any guidelines are consistent with the law—they are right now—and that they're promoting innovation.

Senator Patrick Leahy (D-VT) next asked Vidal about the pharmaceutical industry's practice of creating "patent thickets" around biologics drugs to delay entry of biosimilars, which Leahy said the Food and Drug and Administration has been "raising the alarm about" recently. President Biden recently wrote to the USPTO raising several areas of concern on this topic, and Leahy argued that such practices cause higher drug prices for U.S. consumers. Asked if she agreed with the FDA that this is a problem, Vidal said she is aware of all of the concerns about patent abuses and that one thing the USPTO can do is to "ensure we're always issuing the highest quality patents. What I've heard about patent thickets is they involve follow on

patents that add marginal value – certainly I'd work on strengthening the value of IP."

Leahy was also the first to raise the specter of *Fintiv* discretionary denial practice at the Patent Trial and Appeal Board (PTAB), which has become a hot topic. Leahy said that discretionary denial practice is suspect considering that district court trial dates are delayed 94% of the time. "Part of the problem is the PTO's willingness to defer to a district court's incorrect trial date," Leahy said. "Can you think of any other agency that's basing decisions on data that's wrong 94% of the time?"

Vidal responded that she has been on both sides of PTAB proceedings and understands the frustration, but noted that "there is a way to get around *Fintiv* by stipulating that you're not going to rely on the same art in district court." (*See Sotera Wireless, Inc. v. Masimo Corporation*, Paper 12, IPR2020-01019 (December 1, 2020)). This is something IPWatchdog CEO and Founder Gene Quinn pointed out earlier this week and hoped Vidal would mention in today's hearing. Ultimately, Vidal said that if confirmed she would want to look at *Fintiv* more closely and work with Leahy and others to see if more can be done.