

# Update on Intellectual Property Issues in the Response to COVID-19

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This Alert reports on recent intellectual property law developments relating to the COVID-19 pandemic, and provides updates on various developments we covered in previous alerts. First, we briefly review the intellectual property-related provisions of the COVID-19 relief and government funding bill that the President signed into law at the end of December. Second, we discuss ongoing efforts around the world to facilitate the donation of intellectual property rights, including through the Open COVID Pledge, and a proposal pending before the World Trade Organization (“WTO”). Finally, we include updated figures regarding the frequency of patent litigation in 2020, and note manufacturer 3M’s success in using trademark law to combat price gouging of its personal protective equipment.

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## (1) New Intellectual Property Laws in the COVID-19 Relief and Government Funding Bill

The COVID-19 relief and government funding bill that became law on December 27, 2020 incorporates three sections focused on intellectual property-related measures: the Copyright Alternative in Small-Claims Enforcement Act (“[CASE Act](#)”), which amends certain provisions of the Copyright Act, 17 U.S.C. § 101 *et seq*; amendments to the Federal Criminal Code that make it a felony to engage in unauthorized streaming of copyrighted content (commonly referred to as the Protecting Lawful Streaming Act); and the Trademark Modernization Act, which includes revisions to the Lanham Act, 15 U.S.C. § 1051 *et seq*. We summarize these developments below; more detailed discussions can be found in Gibson Dunn’s prior alerts about the intellectual property Acts in the bill, available [here](#) and [here](#).

The CASE Act (Consolidated Appropriations Act of 2021, Division Q, Title II, Subtitle A) establishes a new Copyright Claims Board (“Board”) within the United States Copyright Office to serve as an alternative forum to federal courts for parties to resolve small copyright infringement claims, with streamlined procedures, and limited remedies amounting to no more than \$30,000 in total damages in a single proceeding for registered works, and \$15,000 of the same for unregistered works.<sup>[1]</sup> Decisions of the Board will not be precedential, and the Act provides for limited appellate review. This new procedure has the potential to provide individual rights holders (such as composers and graphic artists), an alternative mechanism that should be more efficient and affordable than federal court litigation for resolving small claims. Whether copyright owners will use this alternative forum remains to be seen.

An additional measure, widely referred to as “The Protecting Lawful Streaming Act” (Consolidated Appropriations Act of 2021, Division Q, Title II, Subtitle A), adds a new Section 2319C to the federal criminal code that makes it a criminal offense for a person “to willfully, and for purposes of commercial advantage or private financial gain” digitally transmit material without authorization of the copyright owner, or the law. The provision will allow the Department of Justice to bring felony charges against digital transmission services that are “primarily designed” for the purpose of streaming copyrighted materials without authorization. The maximum penalty for violation is imprisonment for up to ten

years.<sup>[2]</sup> Before this provision, criminal copyright infringement based on unauthorized streaming could be charged only as a misdemeanor.

The Trademark Modernization Act of 2020 (Consolidated Appropriations Act of 2021, Division Q, Title II, Subtitle B) revises various provisions of the Lanham Act, 15 U.S.C. §§ 1501 *et seq.*, in response to a recent rise in fraudulent trademark applications. Specifically, the Act enhances trademark examination proceedings by formalizing the process third-parties may use to submit evidence to the USPTO, and by providing the Office with greater authority and flexibility to set deadlines for trademark applicants to respond to actions taken by examiners.<sup>[3]</sup> The Act also clarifies the standard for finding the irreparable harm necessary for injunctions in trademark cases, bringing uniformity in response to inconsistencies that have emerged across federal courts after the Supreme Court's decision in *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006).<sup>[4]</sup>

## (2) Ongoing Efforts to Facilitate the Donation of Intellectual Property Rights During the COVID-19 Pandemic

**WTO Proposal to Suspend IP Rights Under the TRIPS Agreement.** The TRIPS council met again on December 10, 2020, to discuss a proposal, originally submitted in October by South Africa and India, seeking the temporary waiver of various provisions in Section II of the TRIPS Agreement that grant Member countries intellectual property rights, and impose obligations to enforce them. The proposal, if passed, would effectively waive all copyright, trademark, industrial design, and patent rights provided under the TRIPS Agreement, insofar as such rights relate to the prevention, containment, or treatment of COVID-19; the effective waiver would apply until vaccination is widespread and “the majority of the world’s population has developed immunity” to the virus.<sup>[5]</sup> The TRIPS Agreement already includes provisions that require compulsory licensing of intellectual property rights during health emergencies to assist low-income countries that do not have the capacity to make pharmaceutical products. Proponents of the proposed waiver contend that these provisions are cumbersome and do not facilitate the necessary access to other personal protective equipment and vaccines.<sup>[6]</sup>

The TRIPS proposal has gained support from more than 99 countries, but major players, including the United States, the United Kingdom, Japan, Canada, and the European Union oppose it. The United Kingdom explained that its opposition to the proposal arises in part from a lack of “clear ways in which IP has acted as a barrier to accessing vaccines, treatments, or technologies” in the response to COVID-19.<sup>[7]</sup> The WTO has postponed further discussion of the proposal.

**Open COVID Pledge.** Organizations continue to sign onto the [Open COVID Pledge](#), through which signatories grant a non-exclusive, royalty-free, worldwide license to use their patents and copyrights “for the sole purpose of ending” the COVID-19 pandemic. The pledge now includes patents related to wearable technology to perform contact tracing and proximity alerts, face covering and face shield designs, and computer software relating to diagnosing the virus. A Japanese-led Open COVID Pledge Coalition was founded last spring. That coalition, which includes several [major Japanese companies](#), has also continued to grow, with voluntary pledges now having contributed approximately 1 million patents.

**COVID-19 Technology Access Framework.** The [COVID-19 Technology Access Framework](#), which was established in April, creates a mechanism for universities to grant “non-exclusive royalty free licenses . . . for the purpose of making and distributing products to prevent, diagnose and treat COVID-19 infection during the pandemic and for a short period thereafter.” Since our prior reporting on the framework ([see here](#)), 21 more universities have now signed on.

**Medicines Patent Pooling.** As we [previously reported](#), the UN-backed nonprofit Medicines Patent Pool (“MPP”) has been compiling patent information relating to products

that are being used in clinical trials to treat COVID-19. The MPP also negotiates licenses with patent holders to facilitate widespread access to treatments. Twenty-one generic pharmaceutical manufacturers have now signed a [pledge](#) to work with the MPP to (among other things) negotiate licenses for patented COVID-19 therapeutics, and to accelerate development and delivery timelines for new treatments.

### (3) Patent Litigation Sees Steady Increase While 3M's Use of Trademark Law to Combat Price Gouging Proves Successful

**Patent Lawsuits.** Nearly 4,000 patent cases were filed in federal district courts in 2020, an increase of approximately 400 cases over 2019.<sup>[8]</sup> The Patent Trial and Appeal Board has seen a small increase in filings, with approximately 1500 petitions for *inter partes*, covered business method, and post-grant review, filed in 2020—an increase of approximately 200 proceedings over 2019.<sup>[9]</sup> District courts across the country continue to delay jury trials, and hold hearings remotely. The Federal Circuit's [May 18, 2020 order](#) suspending in-person oral arguments indefinitely, and opting in favor of telephonic arguments (or no argument at all, if the Court so orders) remains in effect. In the Eastern District of Texas, Judge Gilstrap announced in November that all of his jury trials would be postponed until March 2021, with other judges ordering similar delays. Many courts, however, continue to hold the majority of proceedings online and have ordered jury trials to be continued. The [Western District of Texas](#) has postponed all jury trials until after January 31 while the [Southern District of New York](#) has postponed the same until after February 12.

**3M Litigation.** As reported in a [previous update](#), in the summer of 2020, manufacturer 3M brought a wave of lawsuits across the country against online vendors, asserting claims under the Lanham Act for the sale of counterfeit PPE using 3M's trademarks, and related state law claims, in an effort to combat both the counterfeit production of PPE, as well as price gouging of the same. In some of these cases, 3M established irreparable harm under a reputational theory of injury—namely, that “[n]o amount of money could repair the damage to 3M's brand and reputation” if it were associated with “price-gouging at the expense of healthcare workers and other first responders in the midst of the COVID-19 crisis.”<sup>[10]</sup> In analyzing these trademark infringement claims based on the sale of counterfeit PPE at inflated prices, courts have also paid particular attention to the “bad faith” prong of the trademark infringement analysis, with one, for example, noting that the defendant's decision to stop selling automobiles in favor of selling N95 masks constituted “textbook bad faith.”<sup>[11]</sup>

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We are continuing to monitor intellectual property-related updates and trends relating to COVID-19.

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[1] 17 U.S.C. § 1504(e)(1)(A), (D).

[2] *Id.* § 2319C(c).

[3] 15 U.S.C. § 1051(f).

[4] 15 U.S.C. § 1116(a).

[5] WTO, Council for Trade-Related Aspects of Intellectual Property Rights, Waiver from Certain Provisions of the TRIPS Agreement for the Prevention, Containment and Treatment of COVID-19, p. 2, October 2, 2020, <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/IP/C/W669.pdf&Open=True>.

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[6] See WTO, Members discuss intellectual property response to the COVID-19 pandemic, October 20, 2020, [https://www.wto.org/english/news\\_e/news20\\_e/trip\\_20oct20\\_e.htm](https://www.wto.org/english/news_e/news20_e/trip_20oct20_e.htm).

[7] See, e.g., UK Mission to the WTO, UN, and Other International Organizations (Geneva), "UK Statement to the TRIPS Council: Item 15 Waiver Proposal for COVID-19," UK Government, October 16, 2020.

[8] These figures were obtained from [Docket Navigator](#)'s Omnibus Reporting of Patent Cases by year. A "patent case" here refers to actions "addressing the infringement, validity or enforceability of a U.S. patent flagged with Nature of Suit ("NOS") 830 in the PACER system as well as other cases that are known to meet the above criteria." Docket Navigator, *Scope of Data Available in Docket Navigator*, <https://search.docketnavigator.com/help/scope.html> (last visited January 6, 2021).

[9] Docket Navigator, *Omnibus Report PTAB Petitions*, <https://search.docketnavigator.com/patent/binder/390087/13> (last visited January 8, 2021). This does not include proceedings conducted pursuant to 35 U.S.C. § 6(b)(1)-(3), such as appeals of adverse decisions of examiners, appeals of reexaminations, or derivation proceedings.

[10] *3M Co. v. Performance Supply, LLC*, 1:20-cv-02949, Dkt. No. 23 (S.D.N.Y. May 4, 2020).

[11] *Id.*

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Gibson Dunn lawyers regularly counsel clients on the issues raised by this pandemic, and we are working with many of our clients on their response to COVID-19. For additional information, please contact any member of the firm's Coronavirus (COVID-19) Response Team. Please also feel free to contact the Gibson Dunn lawyer with whom you usually work, or the authors in New York:

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