March 8, 2022

Mr. Daniel Lee
Assistant U.S. Trade Representative for Innovation & Intellectual Property
Office of the U.S. Trade Representative
600 17th St., NW
Washington, DC 20508

Re: Response to Questions, USTR 2022 Special 301 Review (Docket No. USTR 2021-0021)

Dear Mr. Lee:

Intellectual Property Owners Association (IPO) appreciates the U.S. Trade Representative’s careful review of IPO’s comment letter dated January 31, 2022 related to the Special 301 Review, and the opportunity to provide responses to the questions posed by the U.S. Trade Representative. This letter takes up each question in turn.

1. On China, your submission described the difficulties in meeting [the] threshold for criminal investigation of trade secret theft. In December 2020, China adopted an amended Criminal Law that changed provision for criminal intellectual property (IP) theft. Have you seen any impact on the threshold for criminal investigation from the amended Criminal Law?

IPO does not believe that the amended Criminal Law has impacted the threshold for criminal investigation of trade secret theft as it does not appear to specifically address that issue. IPO believes that more transparency regarding the commencement of criminal investigations of trade secret theft in China would be helpful to this policy discussion.

2. On China, your submission indicates that "China’s Patent Law gives local and provincial patent administration and enforcement IP offices new powers to investigate patent infringement cases, including . . . authority to inspect sites . . . and copy relevant documents." Your submission further indicates that members of IPO are concerned with the significant risk of "trade secret disclosure that could result from administrative investigations." Can you please provide more information about whether such administrative investigations have become more prevalent and any impact on U.S. companies? Please elaborate on this concern, including if possible by detailing any instances in which trade secrets of an IPO member or other company were seized in the course of administrative enforcement against patent infringement.

While impacted IPO members are reluctant for reasons stated to share their confidential experiences, the risk of being unable to obtain relief from a trade secret misappropriation remains a concern. IPO member concerns are grounded in the effect of the broad
administrative access when viewed in conjunction with other gaps such as appropriate safeguards. IPO does note a development in administrative enforcement: The China National Intellectual Property Administration (CNIPA) announced in November 2021 that two patent infringement cases have been accepted (without any further details).¹

3. On China, your submission described how anti-suit injunctions have "arguably tipped the scales in favor of domestic businesses," a development that had also been highlighted in your submission from last year. In the past year, have you seen the increasing prevalence of anti-suit injunctions impact the behavior of Chinese courts and Chinese companies? If so, please describe the impact.

Due to limited transparency regarding anti-suit injunctions in China, IPO is unable to say whether there has been an increase in the prevalence of anti-suit injunctions and how the behavior of Chinese courts and companies has been impacted in the past year. IPO does note the development that, subsequent to the filing of IPO’s Special 301 comments, the European Union filed a Request for Consultations at the World Trade Organization regarding China’s anti-suit injunction practices.²

4. Your submission states that industries in India "with which it makes the most sense to join forces rely on trade secrets to protect competitiveness." Please identify the industries and elaborate on their reliance on trade secret protection.

The Indian industry which likely relies most on trade secret protection to support competitiveness is the information technology (IT) service industry, noted not only because competitiveness relies on innovation in services but also on software—both areas in which it is arguably difficult if not impossible to obtain patent protection in India, so alternative protection like trade secrets are or can be valuable. IPO believes that many Indian-owned IT and software service providers would benefit from stronger trade secret protection.

5. Your submission states that Section 8 of India's Patent Act "requires disclosure and regular updates on foreign applications" and that "it is possible that the requirement to furnish examination results for co-pending applications conflicts with PCT rules." Please elaborate on how the requirement possibly conflicts with PCT rules.

The text of Article 42 of the PCT states: “[n]o elected Office receiving the international preliminary examination report may require that the applicant furnish copies, or information on the contents, of any papers connected with the examination relating to the same international application in any other elected Office.”³ However, the requirements of Section 8 of the Indian Patents Act are without any exception or qualification.

Accordingly, in case where India is an elected office (after the Applicant has placed a demand for international preliminary examination of the international application), an objection under Section 8 by Indian Examiner with respect to the India national phase application may possibly be construed as conflicting with Article 42 of the PCT.

We again thank the USTR for reviewing IPO’s original comments and posing these questions. IPO would welcome any further dialogue or opportunity to provide additional information to assist your efforts in developing the 2022 Special 301 Report.

Sincerely,

Karen Cochran
President