

Transcript of The House Judiciary Subcommittee on Courts, Intellectual Property, Artificial Intelligence, and the Internet hearing on Wednesday, March 25, 2026, "Oversight of the U.S. Patent and Trademark Office," examining the United States Patent and Trademark Office's mission, operations, policies, and other matters within the agency. Hon. John Squires testifying. Transcript created by Dennis Crouch, Patently-O.

ISSA: Good morning. The subcommittee will come to order. Without objection, the chair is authorized to declare a recess at any time. We welcome everyone here to today's hearing on the United States Patent and Trademark Office. And I want to make it clear that at the stroke of ten, we started, which is practically a record, uh, but also that, uh, this is an extremely busy day. Most members serve on 2 or 3 committees, so you'll see them coming in and out. Uh, Mr. Squires, that's not any, uh, reflection on you, because there are equivalent people in at least two other hearing rooms for many of our people. Uh, but I suspect you. You'll see in and out virtually every member of the subcommittee.

Um, also, in addition, it's the policy of the subcommittee. Should any members of the full committee come? Uh, they will be waved on, uh, on either side. Without objection. I now recognize myself for an opening statement. Mr. Jim, just to be clear that any member who arrives from the committee will be waived. We waive on the the specifics of the committee rules are that, uh, they still have to be yielded time from a member of the subcommittee. Um, but I always say that so that everyone understands in advance also that, uh, pursuant to the rules of the full committee, we won't waive on people who are not members of the Judiciary Committee. Thank you. Mr. Thank you.

And we welcome the ranking member of the full committee here, too. Uh. Normally, I make relatively short opening statements, but this is a particularly important hearing. It's important because there's never been a time in our history in which getting it right on, not just on patents as we've known them, but patents are as they are emerging. I want to thank the undersecretary for, among other things, clarifying in AI, the pathway to patentability. I certainly think that the when we look at the ambitious, uh, agenda set out by President Trump, he has selected, well, an undersecretary to make sure that we can reach that. One of the first, uh, actions of Mr.

Squires was, in fact, as director to take steps to move the president's AI agenda and to strongly support it. This meant going above and beyond and with some changes to the Biden-Harris policy, which came out late in the administration. This thoughtful change, I believe, will bear well for the foreseeable future. But like everything else, it I I will expect it will not be the last time the guidance will have to come either from the director or, if necessary, from Congress. And in fact, as we as we speak, we still live with the memory of the Copyright Office saying that AI is not copyrightable.

Um, and the idea that AI assisted production is not copyrightable or patentable, of course, is now in our tail lights, but it will not leave our memory. Additionally, under the, uh, director's, uh, guidance, uh, he said, for these forth, these clear guidelines for innovation, this, I believe, will accelerate the examination. But it comes with a price. As we know, AI is a wonderful tool. But I can in fact extend and, uh, elongate patents. And it might have had ten claims and a few dependent claims now might have thousands of claims.

That means that one of the things that the director has asked for, that we have to take serious consideration on, is how we deal with long or particularly complex patents. Should there be a multi-tiered. Uh, and this will be discussed today, should it be a multi-tiered process for billing? Uh, as many on this committee know, when the Congress, on a bipartisan basis, bicameral basis, made it two decisions. One was that fee setting would be transferred substantially to the Trademark Office and Trademark Office, but also that fees collected would be embargoed, meaning they are not to be spent anywhere else in any agency, including commerce, in which the Trademark and Patent Office is nestled.

That means that there was an obligation to raise enough funds to modernize the patent office. Federal workers are stressed today in the patent office because they currently do not have the tools to keep up with the demand in 18 human hours. Uh, 1718 human hours. The question is, do we get it all right on a 1000 claim, uh, including the pending claim, uh, patent application. And the answer, of course, is no. One of the goals set out by the director, which I completely agree with, and I believe everyone in the dais does, is that we have to work hard to continue to sustain or improve patent quality.

And I say sustain because as they become longer, if we do not have the tools to allow, uh, patent examiners to do their job, or if in fact we do not supplement technologies that may not be available to the examiners. And I say that specifically because historically, the examiners are skilled in the technology. They're about a vacuum evaluating. But many of the technologies are so short of people that, in fact, to recruit those people or to train them in an emerging technology is virtually impossible. That means that not only do we have to embrace AI in the patenting process, but we have to embrace AI in the patent office.

This will cause the patent offices and vast amounts of money, whether it's done in, uh, in concert and, uh, collaboration with other AI companies or substantially an in-house production. It will cost a great deal to produce and maintain. However, when in the foreseeable future, we are dealing with more than a million patent applications. Asians a year, more than half of which come from countries outside the U.S., the largest of which is China, a country that does not respect the rules of how we create and qualify in ventures. We're going to need sophisticated tools to spot, whether in fact, true invention is being submitted to us.

So implementing the president's executive orders is going to be a daunting task. Fortunately, he has selected someone that is highly qualified, someone that has the respect in the Senate, particularly of both Republicans and Democrats. And I believe today you're going to see that we are very pleased with your selection. That does not mean that we are pleased with everything that is going on. Recently, you had to deal with a clear conflict of interest, uh, but also with a policy that was ambiguous as to where a conflict lies. The particular case does not need to be discussed here because it rose to criminal activity and dismissal.

But let's understand, patent examiners with even a small amount of stock, cannot and should not be evaluating a patent that could benefit that company or that stock. That's the level of conflict of interest. Now is zero under your leadership. And I want to particularly commend you for that. If somebody had asked me, as someone who has followed the patent office for decades, if that was a policy, I would have said, well, of course it is only to discover that in my entire career, both in and out of government, it was not. And so, again, I want to commend you, because that's the kind of hands on a decision making that we need to have.

Additionally, I want to make it clear the president has an agenda. That agenda is not in conflict on either side of the dais. That is that. Although sometimes when you say MAGA is pejorative in this body, that making America and keeping America great is the goal of every aspect of this body and of the Patent Trademark Office, unsure of manufacturing of all sorts, mining, agriculture, conventional manufacturing, and yes, intellectual property. Manufacturing is not just a goal of this administration, but it should be a goal of everyone that wants America to have 250 years that, in fact, resemble the first 250 years.

Therefore, any policy that isn't helping and supporting the ability for companies to make a decision, whether they be U.S. companies or global companies located outside the U.S. to make use and sell in the United States is adverse to the president's policy and adverse to the best interest that we on this side of the day, enjoy. That brings up a particular point, and it's one that I think is important under the policies of Acting Director Stewart. And quite frankly, as far as I can tell, the continued policies. I see a real threat to that at the end of the Biden administration. There were approximately 280 uh, slots for uh, acting examiners under Tab.

My understanding is that more than 80 of those slots are now vacant. The systematic change from 80 to 90% of the tab, uh, reexamination being granted to just the opposite. Somewhere in the neighborhood of 80% being rejected, including a policy in draft form that I will push back on is not within the discretion, and, I repeat, not within the discretion of the Patent and Trademark Office is one that determines that if a pattern is beyond a certain number of years, it simply will be automatically discretionary rejected. I was here and some others on the day as I talked today we were here, but on a bipartisan, bicameral basis under former Senator Leahy. We came to a compromise.

That compromise was worked out by parties far and wide. Not to everyone's complete satisfaction, but to overwhelming support. That meant that Tab did not completely displace ex party reexamination, that it still has a valid use. It also means that the so-called one and done was never in place. But in order to compromise between one and done, which was asked for by a number of companies, not the least of which were the leaders in biopharma. We said that if you get past the first reexamination, which was assumed, if it came in with credible, uh, arguments would be would go through reexamination, that it would be discretionary.

Thereafter, the law was unclear, and I have to take some credit and blame for that, that when you look back, it doesn't actually say that the first one will automatically be more favorably considered. But the intention was clear. And despite the spokespeople on both sides of the Capitol and on both sides of the aisle were speaking specifically that the bias would be toward yes on the first one, and then there would be a higher standard when either the same company or another company came in with substantially the same information based on substantially the same, uh, patent, uh, uh, accusation. And I say that because obviously sometimes you have diverse and different views.

One of them, for example, is one patent has been asserted against Intel Corporation and Gillette razors. I have to believe that the arguments in why that would be invalid, unsupported or run infringe could in fact be different between a microprocessor and a razor. When I was shaving this morning, that was all I could think about was what could possibly be the difference. The reality is we have to balance that. And, uh, Director Squyres, you have the hardest job. You have to balance that with a reasonable expectation that a patent is what it says it is. The question is, are patents in fact, not of the quality you would like them to be?

I'm going to opine for a moment that if patents tomorrow became perfect, and in no case was there any ambiguity, it would still be up to 26 years before the last bad patent could no longer be asserted against somebody for, uh, for for, uh, damages. That is a long time. Director Squyres, if you manage to serve that long, you will clearly be the first. So that means that we have to continue dealing with the legacy of the past, with periods of time in which new technologies came in, they were not fully understood or in fact, on occasions one.

Is loose, but we also will always have to deal with the reality that somebody will get a patent, which means X, and then assert it, maybe against Intel and Gillette, as though it means x, y, z and the like. This is not something that often is done well in the in the article three courts. Article three courts. When I arrived here before the patent legislation and before modernization, including Peter, we're running as much as 40% reversal. Uh, at the fed circuit. The fed circuit was taking an amazing amount of cases because it was almost a coin flip. We have been working to reduce that. And I must tell you, we're down to about 35%.

Uh, it is not an easy job because article three judges, all 677 of them almost exclusively come from technology non technology backgrounds. They are prosecutors, they are public defenders. They are civil lawyers, but they are seldom patent attorneys or knowledgeable intellectual property. That is not their fault. On top of that for more than half of the judges they will be lucky to get one patent case. I'm afraid that they will be unlucky to get one patent case. It will be their first, and after that they will try to find another judge to take their patent cases. And that means that that first Markman is their first Markman ever is AI technology.

They don't understand it a patent, it says things that have to be explained to them. That is not true with the P tab, the 200 and now 180. But but once nearly 280 uh, patent examiners are technical specialists, they will look at dozens of cases, uh, both sequentially and in parallel. They adjudicate these over a year. So by the time they've been on the job for a couple of years, they may have done 60 or 70, uh, patents. They brought them to a close, and they seldom have any reason at all not to meet their deadlines. That means they do a better job.

The proof of that is that they run about a 12% total reversal, even in part meaning if you lose it, patent Trademark Office or you win, you can pretty well take it to the bank and either move into article three or move into another place with that patent. That means that we have to find a way to reinvigorate the Patent and Trademark Office. As I go through my questions today, I will be asking exactly that to the director. How do we restore the ability for people who have been accused of patent infringement to rudimentary Lee, particularly on the first time in asserted be able to get the in front of an examiner? There are other problems in the law that I want to make clear.

We never believe that it would be 100% discretionary. We believe that the undersecretary would, in fact, at the end of the day, be reviewing the work of those those judges and expected there to be a process if there was a disagreement under Trump one, we discovered that, in fact, one person could, without any explanation, uh, simply overturn, uh, a decision by an article one judge that don't becomes a bit of a problem. And I know we'll hear from, uh, Director Squyres of how he is determining that and handling it. But additionally, we have discovered that a full trial that is nearing its one year, it is ready to go to decision can, in fact, be pulled back and undone.

Director Squyres, I have to tell you, is my belief it will be my legislative last act, if I can, that that either will be undone or we will undo it. Once a process, a determination has begun, even if at the end of it all, choose to not agree with the decision to undo it to you. In retrospect, undo it is, in fact to have less than the fair process be appeared, and in fact, both parties have spent money in the process. It should be allowed to go to decision. You can then evaluate the decision that is a particular concern. It will be the one that I spend most of my time on.

Lastly, on the dais, there will be people who don't know the meaning of roles, and there will be people who don't know the meaning of roles. It is a difficult uh, yes, there are non-practicing

entities who are great inventors who invent things. Sometimes they have exactly one customer. That does not invalidate the ability for them to take their invention and say, if you'd like to use it, you will, in fact have to work out a royalty. At the same time, there are non-practicing entities who are simply in the financial gain business.

Unfortunately, third party funding has made it very possible to buy old patents, particularly those that have been around for more than six years, and insert them either for the first time or for the first time against a particular defender. That means that any deadline, any time out that says a patent can no longer be considered cannot possibly be accurate. Not because fair warning shouldn't cause someone to use a process earlier, even if not accused. I share with many that view. However, you don't know you're going to be sued in many cases until somebody redefines what that that means.

Again, in closing, I'm gonna go back to if you looked at a patent, any one of you in this audience and thought that it applied to Intel in Gillette, please raise your hand. If not, then in fact, that makes my case that you cannot know that you're a patent is going to be asserted against you in a particular way until it is without at least a constructive notice, a letter from the inventor, or the like. You really are not on notice. That's why we have latches, but it's also why six, eight, ten, or even in the 20th year, we may need to use the ability to properly find out if, as asserted, the patent is valid and enforceable against that defendant. I'm taking a lot of time.

I've done so for a reason. For the first and only time, probably in my career, nothing is more important to making a decision to unsure than knowing that, in fact, you're going to get a fair opportunity to defend yourself against patent and other legal accusations. I make the case in purely monetary terms. If 20% of the market lies here in the United States and you're currently making a product offshore, you have a 20% exposure in the U.S. if you lose a patent case, if, on the other hand, you make, use and sell in the United States, even if only 20% ends up in the United States, you have a 100% exposure under the law. Making in America gives you worldwide exposure in America.

Who in the world would risk 80% of their market when they could make the product in a country that they are trusted they trust, or multiple countries where they trust they would not be shut down? Unfortunately, that's the world we live in. We have to make it safe, or at least predictable that if you make if you're Intel, if you're, uh, Nvidia, if you're any of the company Taiwan Semiconductor and you onshore here you are not putting at risk your worldwide sales against a nefarious and quite frankly, lengthy, uh, accusation that may or may not be valid doesn't mean that you don't have an obligation to quickly dispense with those that are valid, but it does mean that we have to maintain a system that typically, in a year, gets it more or less 90% right. And with that, I recognize the ranking member of the subcommittee for his opening statement.

JOHNSON: Well, thank you, uh, Chairman Issa and, um, Director Squyres, thank you for being here today. Um, we customarily don't take in emissions between, uh, statements, but I would be remiss not to offer you the opportunity for at least a bathroom break. Are you okay? All right. Okay. Thank you. Uh, directors of the U.S. Patent and Trademark Office appear before the subcommittee every two years or so. And I've had the honor of being present for many of those hearings. Uh, you are the sixth director I've had the opportunity to talk with in a forum like this.

Hearings like today's give us the opportunity not just to provide meaningful oversight, but also inform the legislative process so members of Congress can make the best decisions when considering legislation. In the many USPTO director hearings I've had an opportunity to experience. I've witnessed occasional policy missteps from USPTO directors, and we've discussed administrative failures ranging from modernization, growing pains, to two long examination times. We've certainly had our differences, but never have I had reason to doubt that the director was acting independently from the president until the day. There was a time when the USPTO was removed from the politics of today.

Now it has been thrown squarely into it. I'm going to take this opportunity to go over a few of, uh, the concerns I've heard over the past year. Keep in mind, this is not in any way an exhaustive list. Under the Trump administration, the patent Office's workplace morale has plummeted, likely because of the administration's layoffs, which were bizarrely characterized as an attempt to save money even though the USPTO is self-funded. You've also stood by as USPTO employees collective bargaining rights were undermined by President Trump destabilizing your already fragile workforce.

And under your leadership, the USPTO has publicly explored implementing a patent tax that, by all accounts, would have a devastating effect on innovation in the United States. These are just some of the few examples of the partizanship inserted into an agency that prides itself on stability. When politics begin to shape a traditionally nonpartisan agency, the result is predictable. You had you are at the helm of an institution that has lost touch with its mission. This lost mission is most obvious in the USPTO cancellation of its planned Southeast Regional Outreach office in Atlanta, Georgia.

The USPTO chose Atlanta after a long process as prescribed under the law instead of going forward. The Trump administration canceled this outreach to the Silicon Valley of the South and instead opened it within USPTO headquarters in Alexandria, Virginia. American innovation can thrive only when opportunity to participate is accessible to all. By placing the southeast office at USPTO headquarters, your agency has limited its reach and concentrated opportunity among those already best positioned to access it. I encourage you, director, to reconsider this move because while it may not violate the letter of the law, it most certainly violates the spirit of it.

As you can see, I strongly disagree with the Trump administration. I also believe you want to do right by those who rely on the patent system. You'll notice a proposed rulemaking to reform the Patent Trial and Appeals Board reflects ideas this subcommittee examined when I was subcommittee chair and has similarities to those proposed in my colleague Congresswoman Ross's Prevail act legislation. And while these administrative changes are certainly worth discussing, agency action is not the same as legislation. When a director changes, so can agency rules. Patents exist to ensure that research and development rests on firm, predictable ground.

This kind of inconsistency between presidential administrations undermines the stability that is essential to a functioning patent system. Ultimately, these are questions for Congress to decide, not agency. They are questions I look forward to addressing. If it became if I became chairman of this subcommittee in the next Congress. I hope the USPTO requires clear rules, consistent leadership, free from political influence, and a steadfast commitment to protecting those who take the risks to create. It is incumbent upon us to get these questions right, because inventors and job creators are not asking for favors. They are asking for a predictable and stable system they can rely on when policy shifts with the political whims of an administration. It is American innovation that pays the price. I yield back the balance of my time.

ISSA: I thank the gentleman for his brevity. And as I go to the chairman of the full committee, I might note that apparently Mr. Johnson is considering a party change. So I hope you'll favor. Consider him to replace me in the next Congress, and I recognize the full committee chairman.

JORDAN: No one can replace you, Mr. Issa, and that's for sure. Um, yeah. I just want to thank the chairman for this hearing, and I want to thank the secretary and the director, um, the titles, for being with us today and answering the committee's questions. And I think the record will show up in the comments of the ranking member that the chair's comments were the brief, most brief. I haven't heard, Mr. Raskin, but I will bet it'll be a little longer than my opening statement. With that, I would yield back.

ISSA: I thank the gentleman. Now go to the ranking member of the full committee.

RASKIN: Thank you, Mr. Chairman. I'll be somewhere in between the chairman of the full committee and distinguished chairman. It's up to me. Um, thank you, Director Squyres, for joining us today as head of the PTO. Uh, your job is to promote stability in the market for goods and services by protecting trademarks that are used in interstate commerce in pursuit of the mission, the USPTO has for decades been removed from political intrigue, favoritism, and controversy by keeping politics out. Prior presidents and USPTO directors ensured that applicants had a fair and honest system to rely on. It seemed to change last year you.

When President Trump injected Partizan politics into the work of the PTO, from working to strip trademark examiners of any right to collective bargaining right that they'd enjoyed for many

decades, and firing members of the patent and trademark oversight bodies to refusing to respond to congressional requests for information. Your tenure seems to be threatening the traditional integrity, uh, and nonpolitical nature of our system. You recently took an extraordinary and unprecedented action. Earlier this year, the USPTO itself filed trademark applications on behalf of Donald Trump's ill defined, private, multibillion dollar global project called the Board of Peace.

President Trump is declare himself chairman for life of this elusive entity. He's promised billions of dollars from the taxpayers to the board, although Congress has not voted a single dollar for it, and he has secured billions of dollars from mostly corrupt foreign governments, including Saudi Arabia, Kazakhstan, Azerbaijan, United Arab Emirates, Morocco, Bahrain, Qatar, Uzbekistan and Kuwait. Beyond that, there's not much we know about this shadowy venture. We don't know its basic corporate structure. We don't know whether it's a registered entity anywhere in the state or in any other country. We don't know who controls the billions of dollars in its bank accounts.

We don't know what countries those bank accounts are located in. We don't know who will conduct audits and oversight of the board. If anyone and we don't know what the president intends to do with this massive, secret, unaccountable slush fund while he's in office and after he leaves. Yet when the Board of Peace decided it wanted to secure a trademark for its name and for its logo, a move that would have required it to identify the legal entity that actually runs it and controls its billions of dollars. You stepped in.

You personally filed the trademark applications, allowing USPTO to stand in as a straw trademark holder to cover up for the slush fund that appears to put both billions of U.S. taxpayer funds and billions in payments from foreign governments into the pocket of the chairman for life, Donald Trump. Who will control it? The president set up a board that likely violates both the foreign and the domestic appointments clauses, and now you're helping to run the operation, as far as we can tell. What's more, I'm not sure that either you or the Trump administration realize what you're confessing by filing a trademark application.

You're admitting that the Board of Peace is not a legitimate governmental body, but rather a commercial enterprise set up by President Trump. Our trademark law began in 1879, when the Supreme Court struck down a trademark law that applied to any and all organizational designations. The court ruled that Congress could do so only under the Commerce Clause. So when Congress passed the Trademark Act of 1881, it was written to apply only to marks used in interstate commerce. The modern version of Atlanta in 1946 makes clear it only protects trademarks used in interstate commerce.

Section 1052 B specifically forbids the registration of any insignia of the United States, or any state or municipality, or any foreign nation or any other governmental body. So by filing for a trademark, you're admitting that border piece is not really a governmental entity at all. It's a

purveyor of influence, operating for profit with apparently \$1 billion admission fee. At least that's what's been reported in the press. A money laundering scheme to pocket the billions, all made in a global shakedown in the name of peace. Now, as far as I can tell, the USPTO has just nine trademarks for our various logos for your office, some of which read USPTO.

Others have the full name of the agency written out. Um, U.S. Patent and Trade Office. Three more over the phrases go for real and you're smart. Five smart phrases that were part of a public awareness campaign that the USPTO itself ran with the National Crime Prevention Council. The other two are now for the mysterious Board of Peace, which has no organizational relationship, I believe whatsoever to the USPTO. So by agreeing to act as President Trump's phone or friend and using the PTO to register a trademark on behalf of a third party, it would seem you're violating a cardinal principle of the Lanham Act, which explicitly lays out in subsection B that only quote a person who has a bona fide intention, under circumstances showing the good faith of such person to use a trademark in commerce who may request registration of the trademark.

That's quite a problem for the agency whose role it is to administer and police the registration of trademarks and to administer disputes about them. One can only imagine this decision will get challenged, and there will be litigation over the mark that you have now claimed as your own for the PTO before your agency, which is charged with being the neutral adjudicator of disputes about trademarks. The only reason anyone ever registers a trademark is to prevent competing uses. Why would the Trump administration tell you to file for this registration, except to suppress anyone else's trademark related to the word peace?

The field is crowded with existing registrations by other educational provision purveyors of global peace. To give you a few examples I found online this morning World Peace Table, World Peace Network, project Peace Peace Vision, Global Global Peace Initiative, Global Peace Foundation, International Peace Center, Peace Network, Peace Action, the Peace Trust, Greenpeace. Any one of these organizations would have a strong case to sue for cancellation of Trump's Board of Peace trademark on the grounds that it dilutes and infringes their own preexisting trademarks for peace. Nation services. And also, of course, that this mark is not registrable at all.

Since it purports to identify a governmental entity and not an organization in interstate commerce. Not only would you have to decide whether Trump has a defense to prior uses users opposition to his marks, you would have to rule on any offensive use of trademark law by Trump against any of the other groups. Let's say he moves to attack Greenpeace for infringement of his commercial trademark, or opposes registration of any new organization that uses peace in its name. Who would adjudicate this? You would. Your office. You're both the owner and you're the judge of any rights that you have as an owner against anyone who wants to identify their organization with the word peace.

This is not just a disreputable use of the trademark registration process. It's the first step in giving Donald Trump and his opponents a monopoly on use of the word peace to make the very notion of peace unthinkable. If he departs from control of the new big brother who now owns it. If President Trump can't win the Nobel Peace Prize he craves because he plunged into an aggressive war of choice in the Middle East. Now [INAUDIBLE] just own the word peace instead. I wrote to you last week, Director Square, asking about this elusive entity. An unprecedented, baffling situation. If there's a reasonable explanation for the USPTO context here, we'd like to hear it today.

Because if you simply filed on behalf of the Board of Peace as a favor to the president, then that's a serious problem. A decision like that doesn't just drag the USPTO into covering up for a slush fund that may violate both the foreign domestic commandments clauses. It's bad for the integrity of our trademark laws. When people lose faith in the fairness and objectivity of our system, it begins to fall apart. So I'm not just troubled that you may be violating the basic trademark rules. I'm troubled that in violating the rules to help Donald Trump, you may be acting as a political operative in a way that will destroy our neutral system for regulating source, identifying trademark rights.

The trademark system is designed to protect everyone. If applicants think that the rules change for the wealthy and the politically well-connected, they're much less likely to believe the system can work for them. I look forward today to finding out how you justify your agency registering the commercial mark for this alleged governmental entity, if that's what it is. How do you intend to resolve disputes with the dozens of past and future registrants of peace organizations, and what you intend to do to restore the professional nonpartisan reputation of the USPTO? Thank you, Mr. Chairman, I yield back.

ISSA: Thank the gentleman. Uh, without objection, all other opening statements would be included in the record. Before I introduce, uh, the director, uh, I'd ask unanimous consent that we place into the record the, uh uh uh, wicky uh uh, delineation of the Voice of America, which is a U.S government owned international broadcast with trademarks including Voice of America, VOA, uh, VOA news, etc., which is owned by the U.S. government, was trademarked in 2007. Without objection, so ordered. We now introduce the honorable director of the Patent Trademark Office, the Undersecretary of Commerce for Intellectual Property, and the director of the Trademark Office prior to joining USPTO.

Uh, director Squyres is a partner and chair of IP at Emerging Companies Practice. Uh, particularly a deal for Paxton LLP, which is a longer name than when they had three names instead of two. Uh, we welcome our witness here and thank him for appearing. Uh, pursuant to the rules, I ask you to stand, uh, and take the oath. Do you solemnly swear or affirm under penalty of perjury? The testimony you're about to give will be true and correct to the best of your

knowledge, information, and belief, so help you God. Thank you. Let the record reflect. The witness answered in the affirmative. Director. Our normal rule is five minutes.

Uh, considering the ranking member and myself, I will be lenient on if you go over very lenient. Uh, but, uh, since you're the only witness, we came here to hear what you have to say. Uh, however, the your entire opening statement, if you don't use it all will in fact be placed in the record along with any other supplemental information you choose.

SQUIRES: Thank you, Mr. Chairman. Chairman Issa. Ranking Member Johnson. Chairman Jordan. Ranking Member Raskin. Members of the subcommittee. Good morning, and thank you for this opportunity to discuss the USPTO operations and initiatives. I thank President Trump for his confidence in me to lead America's innovation agency and for his steadfast commitment to your property. Reaffirmed yet again with his National I Policy Framework, released on Friday. It's also the honor of a lifetime to serve as Secretary Leatherneck, a phenomenal leader with boundless energy and unparalleled experience himself and inventor on over nearly 500 patents.

I'm honored today to provide the subcommittee an overview of the USPTO as recent activity and accomplishments. America's Innovation agency has two foundries for patents. We have America's Invention agency and for trademarks. We have America's branding agency, and together we function as a Department of Commerce's Central Bank of innovation. Every unit of intellectual property we put into circulation is a potential job, a new business, a competitive advantage, an invisible asset, a life saving drug all flowing into the real economy, into the real world and at scale. American ingenuity means national prowess and global reach.

I can't thank the USPTO highly educated and talented workforce enough for their dedication and commitment. I say to everyone they are the best in the world at what they do because quite simply, they are. And none of this would be possible without the setting authority so thoughtfully provided by Congress, allowing us to operate like a business, maintain long term financial stability, and achieve our statutory mission. We also greatly appreciate the continued authority expand anticipated fee collections, which lies at the heart of our U.S. global leadership. We look forward to working together to maintain both IT and our global lead.

Indeed, we lead today because our founders did the extraordinary two centuries ago enshrining IP protection into our Constitution and with it the American experiment itself, the American experience itself. Last month, I told the head of the UK IPO how our constitutional charge allows us to lean into AI, to quantum the medical diagnostics wherever the onrush of technology is going. His candid reply. I know, wish I had that. Think about that. The very empire we want our. It depends from two democracies, two outcomes, but only one clearly atop the IP world today.

That's why it's incumbent upon the USPTO to have an America First IP agenda built atop the unique legacy our founders bestowed upon us. And we're doing exactly that with the urgency of

now, as I'm for you today. Our first priority deep priority was slashing the unacceptable backlog by 50,000. Another 100,000 to come this year by the end of my ten year. And with your continued fee setting authority, choking backlogs will be a thing of the past and improve quality a confidence indicator. I'm confident because we just announced our first agenda AI Trademark Classification tool. Five months of manual searching is now a five second outcome in patents.

Our AI system delivers a top ten list of prior art before the first office action, providing quicker pathways to allowance and across both AI fraud detections helped us purge 70,000 plus baseless filings in just under a year. You see, AI tools will become our examiners superpowers, supplying them with a cadre of agents to deploy as they see fit on policy. Congress affords us discretion, and our North Star to its exercise is always both the letter and the spirit of the AI bouncing as instructed. Economic impact, resource efficiency and the integrity of our IP system.

We are restoring balance and fairness on both the front end with eligibility determinations and the back end as to trials and error corrections with new feedback loops in between. Mr. chairman, I am humbled and proud to lead this unique and vibrant agency. We are back on our front foot and delivering the brilliant Tomorrow's American Ingenuity. Awards. Tinker by Tinker. Breakthrough by breakthrough. Dream by dream. Just as a central bank stabilizes the flow of capital into the real economy, the USPTO stabilizes the flow of innovation into the knowledge economy.

And with born strong protection, new ideas soon blossom in a marvelous, virtuous cycle that has delivered prosperity and bettered people's lives for over 250 years. Like no nation before. Like no nation ever. Thank you again and I look forward to your questions.

ISSA: So brief, very brief, I thank you. We now recognize the gentleman from Kentucky, Mr. Massie, for five minutes.

MASSIE: The last member of the administration that I was very nice to was Kristi Noem. And she was removed 48 hours later. But at that risk, I want to thank you for the great job that you're doing. Uh, I like your analogy of intellectual property, the currency. But, um, let's don't compare the central bank to the patent office because some of the founders, all of the founders, were unanimous in understanding that the patent and copyrights were the foundation that would allow our country to grow. And I appreciate you doing that.

But it is an appropriate analogy because of intellectual property dependency, because we've had a crisis in our currency for the last decade, I believe, of intellectual property. If your currency is called into doubt, if the Federal Reserve notes in your wallet when you present them, even though they were issued by the government, if they're called into question when you tried to use that currency, you have a problem. And that's the way it's been with patents. The the P tab

ostensibly was created to make it easier to adjudicate validity on the back end of a patent issuance. Um, and enforcement. The problem.

It's created too much uncertainty, and I very much appreciate the steady hand that you put on the tiller. I would, uh, um, I would disagree with my, um, Democrat colleague who said that policy shouldn't change when administrations change. I would argue that elections should matter. Laws should not change. The patents that have issued should not change. They should still be valid. But, um, we need somebody in charge. We need somebody to exercise commonsense in the application of the laws that we've passed. And it seems to me that you're doing a very good job of that. And, um, could you tell us about the rule that you're proposing, um, and the actions that you've taken in terms of exercising discretion on the IPRs?

SQUIRES: Thank you. Congressman. Uh, I'm happy to speak to the, uh, notice of a proposed rulemaking. We have, um, but forward, uh, basically, it's intended to, uh, restore fairness and balance to the IPR process. There have been instances where there have been as many as seven, uh, several filings, and it's intended to be able to have the matter adjudicated, uh, once and for all early. Um, and it's been termed, uh, I will say, as one and done. Um, but I think that's a misnomer. There's little joinder provisions that are carried through into the rule. And so I would say it's, uh, one joint and done.

And the facility is provided for if there's a petition filed, um, uh, after there's been an adjudication, uh, that can be petitions filed, people can join. Uh, the answer is in several filings. We think the answer should be gang tackling at the time, uh, when it could be had, the preference would be to have a PGR like process where things are laid open. That's not always possible. Uh, as has been discussed, things sneak through. But there should be a point in time where there's quiet title, there's finality. Um, and, uh, people can have that chance and, and do it together. Uh, but it's got to be you to get it once and for all.

MASSIE: I agree, I think once you have the imprimatur of the government and you've survived a challenge, uh, that's important because what I've noticed the last ten years, a lot of people are shying away from companies that would have been based on intellectual property. I've heard people say, I'm not even going to file a patent. I'm just going to try to rely on trade secrets that creates a world of haves and have nots, and everybody can just keep all of their stuff secret. And that's incentivized because of a patent system that's not working.

And, you know, the p tab, I do think it was probably at least from the people who voted on it originally intended to expedite this adjudication, but it's created uncertainty that has hurt our country, hurt our inventors. And, um, I'm glad to see that you're exercising some common sense in the application of that. Any law can be weaponized. And we saw that the law has been

weaponized. And I appreciate you taking it back and using it for common sense that, um, I give you my last 15 seconds, thank you very much.

SQUIRES: And also to be reminded, uh, IPRs are one avenue. There's always, uh, reexamination. There's a post grant review, and there's this report. What we had found was, particularly with respect to IPR, is that it was intended to be alternative litigation. Yet 80% of the filers already had a district court action with, uh, with also instituting an IPR.

MASSIE: Thank you. And thank you for taking out much of the redundancy that existed, because it doesn't get cheaper when people keep getting subjected to a continuous IPR surrounding IPR and then go to court. And I yield back.

ISSA: Thank you. Just to clarify that 80% includes a dramatic amount who have been sued and then come to the patent office, because that is the first notice of infringement is when they're sued. So the chicken or egg often starts with a lawsuit and you go to the, uh, PTAB in order to shortcut the time it takes to show invalidity or correct.

SQUIRES: Yes. Or there's a one year window, uh, if you've been sued in district court from which to avail yourself of the PTAB.

ISSA: Thank you. The ranking member of the subcommittee is recognized for five minutes.

JOHNSON: Thank you, Mr. Chairman. Uh, Director Squyres, I would hope that you would agree with me when I say that the, uh, greatest asset of the US PTO are its employees, and employees at USPTO have described the environment as, quote, rife with rumors, paranoia and disillusionment. In, quote, just last week, in a government wide survey, only 13.8% of PTO employees reported that they were satisfied with their job. What factors have contributed to such dissatisfaction by your employees? What specific actions have you taken to address this collapse in employee morale? And, um, my office received a call just the other day echoing, uh, these and other troubling allegations, what mechanisms are in place to ensure employees can report issues without fear of, uh, retaliation?

SQUIRES: Thank you. Congressman. Uh, we have robust facilities for reporting, uh, violations, uh, through our, um, EEOC, the department. Uh, they are fantastic. Uh, two examiners and the. I do agree with you. They are the crown jewel of the USPTO. They're the best in the world at what they do. Uh, and we're trying to make them even better equipped to deal with the, uh, what's become a crushing backlog of work that they've so, uh, dedicatedly, uh, and assiduously have chipped down on. We've increased, uh, uh, awards, financial awards to examiners. And we're working on the personnel —

JOHNSON: I mean, myself, what factors have contributed to the dissatisfaction?

SQUIRES: Uh, that is evidenced by the, uh, survey. Uh, I'm equally interested in making sure our morale improves. And of all engagement. Uh, my, um, I think the biggest factor had been the backlog getting out of control. It rose to a, uh, historic high of 837,932 applications unexamined. Uh, and this is, um, you know, just unacceptable, as the secretary said.

JOHNSON: So it's not the volume in and of itself. Uh, but it must be something that, uh, the agency has done, um, to address that, that has caused the, uh, lack of morale or the morale to plummet. Uh, what are those factors, the specific factors?

SQUIRES: We just concluded an employee survey last week and we'll be working on those, examining them. I myself hold a host a I'm using I did the weekly now monthly for people to tell us what they think. That's been my mantra coming in. And there's forums for people to tell us where there are problems. One of the issues — some unhappiness has been, um, not having, uh, deploying, uh, people on the front lines of primary examiners, uh, and having, uh, oversight and training and not having a singular authority. At that point in time, we have found that this is the first interaction that the applicants have with the office. And, uh, supervisory has been very important.

It's consistent with other, uh, other international offices. And there's been some adjustment of that, just some initial unhappiness with that. But we've been at that now for over six months. And I think morale is getting better.

JOHNSON: Okay. I'm going to move on. After the success of the four regional offices created in the American Invents Act of 2011, Republicans and Democrats worked together to pass the Unleashing American Innovation Act in 2022 to establish a Southeast Regional outreach office, among others. Atlanta, Georgia was chosen as the southeast location after a lengthy process, and last year, uh, the Trump administration reversed course, announcing that the southeast office would instead be at USPTO headquarters. This change was announced with no explanation, and no search process was conducted as required by law.

Uh Director Squires uh regional offices were created to expand access and reach a more diverse set of stakeholders at a more local scale. How does placing the Southeast Regional Outreach Office, uh, at headquarters, advance that mission? And isn't it true that placing a regional outreach office in the literal headquarters of the PTO undermines the very purpose Congress had in creating it?

SQUIRES: Congressman, that decision, of course, was made, uh, and effectuated before I took office. I took office in September. However, my ongoing responsibilities are, as you indicated, access, making sure there's access. Now, we have little compliance with the regional office footprint, uh, and having four and we recently had five, and the Denver office was closed down, resulting in a savings of over 3.8 million per year. But savings isn't the issue. Access is in.

In favor of that, we've launched a community engagement office model, and we've invited just, uh, released a request for comment to the southeast region, including Georgia and all the states that were part of that, um, uh, part of that defined region. And we've had great success with the Mountain West region in this to the tune where we are able to increase access, we engage with universities. Why not footprint and be able to, um, uh, do it at little or no cost to the office. So we're moving to a model for the future, uh, we're hopeful —

JOHNSON: And you're doing it, uh, based on executive authority, undermining legislative authority. And that's a trend in your, uh, agency that is, uh, upsetting. And I yield back.

ISSA: I thank the gentleman. And I'm going to follow up with you on one thing. Uh, Director Squires, would you agree to have a separate lengthy briefing for the ranking member and myself on that plan, how it is to work and how it can accomplish what was legislatively, uh, in place? Uh, I, for one, would not want to see San Jose closed for savings purposes, no matter how, uh, it might be without congressional approval. Would you agree to that?

SQUIRES: Uh, we would be happy to work with the chairman and, uh, ranking member, and we'll make that arrangement.

ISSA: We now go to the gentleman from Wisconsin for five minutes.

FITZGERALD: Thank you, Chairman. Uh, Director Squires, thanks for being here today. Last Congress, I introduced legislation to limit the enforceability of patents by entities on certain national security related sanctions list. Uh, this is because I believe I think many members believe state sponsored entities like what we can and do, uh, use protected patent litigation to slow or stop critical technologies from being developed in the U.S. Do you see that, uh, as a present or future national security threat? Uh, and where do you stand on limiting enforceability of patents in those types of cases?

SQUIRES: As to limiting enforceability, um, one thing I would point to — we recently, a couple things. So we restored the real party interest requirement. Uh, and with that, we just issued a decision called Yanmar um, last week, which um, includes under the AIA, as with American government entities and agencies are not persons and cannot be in the p tab. Uh, neither made foreign sovereigns or state actors. Uh, and so if a real party and interest is identified, they are not allowed to be on the tab and they can't bring challenges to protect. Uh, with that, in the discretion of inserting IP, we have also just released guidance that, uh, looks to whether it's a small business in the US or American.

In fact, manufacturing is occurring in the U.S., uh, as part of whether a challenge should be instituted. So to protect American manufacturing and have them choose here. So both sides of

the equation we're trying to take into account, uh, what the real world is. And, uh, the process for filing petition, we say, tell us your story and so we can take these into account.

FITZGERALD: Very good. Another area where I know many members have concerns about foreign exploitation. Uh, and it's all about the, uh, patent prosecution highway for it is referred to under this program. The USPTO will debate review of certain patent applications that have received a favorable exam in a foreign patent office. Uh, we know that China participates in the program, and therefore, an entity like Weiwei, uh, could receive expedient examinations of its patterns so long as it first gets a favorable exam in China, um, which is effectively a rubber stamp. Right. So, uh, should we not kind of allow, uh, or shouldn't we be concerned, I guess, about kind of the way that's playing out?

SQUIRES: Thank you for the question. Uh, Congressman, that is a great concern. Um, and, uh, and and it's a bilateral concern in general, um, when cases come in through the patent prosecution highway, uh, they've already been examined. Uh, but there always is the risk of rubber stamping. Uh, we do an independent analysis, and if it doesn't. Uh, pass the snout smell test. Then we kick it, uh, and it goes back in line and the prosecution is lost. On the other side, we found for U.S. companies that has helped them in other countries. So we're trying to always maintain that balance. Um, where American companies going into other offices, uh, are receiving federal treatment. They have behind them. The examination has occurred, uh, and hopefully, you know, born strong in the U.S., uh, but we're always on the watch for, uh, incoming, uh, low quality.

FITZGERALD: Very good. Let me quickly turn to another area. According to American Intellectual Property Law Association, the average cost of litigation in a district court is \$5 million, whereas the cost for adjudicating patent disputes before the pending Trial and appeal board, on average, uh, it's about ten times less around a half \$1 million. Critics of the proposed changes to the process have said the result will be more and cases being litigated by the courts. And, uh, assuming that that could be true. Did the USPTO take into consideration the increased litigation costs when conducting an economic analysis of your IP rule? Uh, and if you didn't, then how did you handle that and why?

SQUIRES: Thank you for the question. Um, yes, we are taking — we're still in the process of finalizing the rule. We have received over 11,800 comments, which we're very excited about because people care. Uh, about 2800 were, uh, unique. Um, uh, you know, clearing out all the, um, the meta ones or, um, or clearing out the ones that, uh, you know, we don't like about an office. Uh, but the substantively, they're about 2100, uh, and by under the eye, we are required to consider economic efficiency, uh, resource allocation to the office, um, and, and effects of those sort. And so, by all means, we are looking at what the costs are in the rule. Uh, I think I'm optimistic there will be finalize. And I believe people will be very happy with the outcome.

FITZGERALD: What about judges' caseload? Did you take a look at that as well?

SQUIRES: Uh, yes. We are looking at all of that in the rule, uh, judges caseload, but also not just district court form. What's the effect on, uh, reexamination? What's the effect on PDR? Uh, and what's the effect also on ITC cases?

FITZGERALD: Thank you. I think — I mean, my understanding is it was about 9 to 1 opposing the rule, in that 2800, about 2500 to about 300. Sound about right?

SQUIRES: Um, again, we're still working through it. But I've seen those numbers. I've seen 90, 73. I've seen 80, 20. Um, our role under and the rulemaking process is to go through and substitute the comments. The process has been very helpful. Uh, and again, I'm of the firm belief that we're going to, uh, see a rule that will be workable.

ISSA: Okay. Hopefully the, uh, ranking member of the full committee has read all 2800 and can opine on what he saw as the ratio. The gentleman from Maryland is recognized.

RASKIN: Mr. Chairman. Thank you, Director Squires. Uh, how did you come to file those trademark applications for the Board of Peace?

SQUIRES: Thank you for the question, Congressman. Uh, we came to file — I had them filed in response to a, uh, immediate cyber squatting land grab of the domain name. And for those who are unaware of the term cyber squatting, it's like identity theft.

RASKIN: Were you acting as a lawyer for the Board of Peace at that point?

SQUIRES: No.

RASKIN: So in what capacity were you acting?

SQUIRES: Well, the Board of Peace, uh, this is exactly the issue, and I'm glad to have the opportunity to explain. At least respond to your letter. Uh, the Board of Peace has, uh, has not yet been formed as an international organization and cyber squatters, eight minutes into the president's speech announcing it, registered the domain name.

RASKIN: And so this is a public entity, the Board of Peace, or is it a private entity?

SQUIRES: Uh, at this point, I'm not sure if it's formed or not. We acted as a custodian so that they could have them.

RASKIN: How did you come to act as a custodian for that trademark?

SQUIRES: Uh, under 35 U.S.C., uh, section three, it's my responsibility to advise the president, uh, through the Secretary of Commerce, on matters of, uh, national security and all matters intellectual property.

RASKIN: So the Board of Peace is a public entity? It's a governmental organization, even though Congress has not created it yet?

SQUIRES: So I don't know the status of whether it's an entity or not.

RASKIN: How did you get involved in it? Did the president call you about the cyber squatting incident?

SQUIRES: Uh, no, the president did not call me. It came up through, uh, several organizations about the cyber squatting, um, and the action needed, uh, needed to be taken.

RASKIN: When you talked about the cyber squatting, you noted that there were lots of other organizations that were already using some variation of peace organization, peace committee, world peace, and so on. Right? The dozens of them. I mean, I found them this morning just on the way in.

SQUIRES: Well, again, you know, the reference was made to shake down. This was registered this particular Board of peace.org. Um, and without that, you know, if you register.

RASKIN: No, no — the cyber squatter, I mean, eight minutes — and you don't have to go to cyber squatting. There are dozens of other groups that have peace in their name. Right? Well, look, where does your legal authority come from to file trademark applications on behalf of this Board of Peace?

SQUIRES: Whether it's a public or private group, it comes from the combination of 35 U.S.C. three and 35 U.S.C. two, under the Lanham Act.

RASKIN: And, uh, in your opening statement, uh, do you usually act as a custodian for the intellectual property rights of other entities, or is this just for President Trump?

SQUIRES: This was to protect the name Board of Peace. Uh, as the entity gets, uh, booted up to act as custodian in a very narrow capacity with a bona fide intent to use of the name and its intent to use application.

RASKIN: Who has the — who is the bona fide intent to use? The USPTO?

SQUIRES: The USPTO.

RASKIN: What are you going to do? In the very limited services that we define there, uh, which is fraud prevention, misuse? Uh, is that a service you offer to all American citizens? In other

words, if I'm thinking about maybe creating a group one day and we might want to have a trademark and I'm afraid somebody else has a competing trademark, you will go ahead and file the application for me?

SQUIRES: Um, my responsibilities are, again, under 35 U.S.C. section three, to advise the president on matters of national security.

RASKIN: So this is a matter of national security. Okay. Let me ask you this. You've emphasized today, and rightfully so, the importance of, uh, people who are applying for patents are trademarks to pay a fee because yours is a fee paid. Uh, office. How much does it cost for someone to seek a trademark? When you applied for that trademark for the Board of Peace, how much does that cost?

SQUIRES: It's not an expensive fee. Depending upon, uh, the class, it's 350 bucks.

RASKIN: Is that right? Generally, yes. It's not expensive. Okay. And my, uh, one of the staff might have just passed me this. You filed a petition on January 21st, 26 to waive that fee for the Board of Peace. Then you granted that petition the very next day, which underscores the bizarre conflict of interest you're in now, acting both as a representative of the Board of Peace and also the trademark office that's going to pass upon the petition. But why did you seek a waiver for the \$240 for the Board of Peace? And why did you grant it?

SQUIRES: Um, the waiver was sought, uh, under the, uh, particulars of the intent to use application as the custodian. And I did not, uh, grant my own application.

RASKIN: Well, your signature is — I'm reading it. Uh, you filed this on the 21st, and then you approved it on the 22nd.

SQUIRES: Well, I would like to see the document, what you're referring to.

RASKIN: Okay. We will get you those documents. Are you saying you would not have approved it had you seen it?

SQUIRES: I'm saying I don't recall this particular situation, but I do believe it's — your signature.

RASKIN: Uh, okay. It was approved by Danville, but your signature is on the petition, and I guess — yes. Why did you request that waiver of the \$350 payment for the Board of Peace?

SQUIRES: Again, given that this is going to be an international organization, given the, uh, um, situation with the intent to use and the bona fide limited scope that we had. I made that petition just as I signed the application, and it was, uh, granted. And that's, you know —

RASKIN: The Lanham Act forbids anyone from submitting an application unless they're the owner of the mark or the legal representative of the mark. So were you representing yourself as the owner of the mark or the legal representative when you filed the petition?

SQUIRES: We are very clear. It's on a custodial basis. We are not the owner. It will be transferred to the entity once it's formed.

RASKIN: Okay. Well, you're listed as the owner on the petition, uh, both for the waiver and also the application. So, I mean, that's the way the Lanham Act works. In other words, if I'm asking for your advice, could I get another company to apply for a trademark for me? What's the answer to that?

SQUIRES: If you're the President of the United States, yes, the president could have somebody else — the president has tons of trademarks.

RASKIN: So you're saying that he doesn't have to submit himself? Where does it say in the Lanham Act that the United States is exempt from the general rule that you cannot have a third party seeking an application on your behalf?

SQUIRES: I'm again directing you back to 35 U.S.C. section three, where it's the undersecretary of commerce and director of the patent office — your duty to advise the president on national and international intellectual property policy.

RASKIN: Those are matters of public policy. They're not questions of representing the president before the Trademark Office, which obviously creates a stark conflict of interest.

ISSA: The gentleman's time has expired. You may answer, sir.

SQUIRES: I was not representing the United States, uh, in this regard. I was filing an application to address a cyber squatting issue under my authority under 35 USC.

RASKIN: I appreciate it. Thank you. I yield back.

ISSA: Just one question for understanding. The gentleman from Maryland mentioned a number of other uses for peace and so on, under both common law and any marks they have, those marks are previous superior and are not eclipsed by this new mark. Is that correct? Your understanding?

SQUIRES: Uh, that is my understanding. It's a very narrow filing for the logo and the, um, and the name, uh, and again, I intend to use application, uh, if nothing happens, expires on its own weight.

ISSA: One thing, because I'm a little new to government, but you're in the article two, you're in the government that's headed by one person, the president. Right? And no matter how many pockets you have in your suit, it's still one suit jacket. Right. So the \$350, if it had to be paid for

by the government, can you tell me the difference between all these different places in the government that would transfer \$350 to another pocket of the same suit? Because I'm just — I'm not quite understanding the gentleman's question.

RASKIN: Mr. Chairman, are you saying that it is a governmental body in that case?

ISSA: Well, it appears as though the President of the United States made a statement that it either would be a government entity or, like Voice of America and many of these other entities that are government sponsored, it would be government sponsored. I think there's been no, uh, assertion that this was a for-profit private entity or anything —

RASKIN: The Voice of America doesn't get \$1 billion from the Saudi government. That would make it illegal, an unconstitutional foreign emolument. I mean, this is just getting more confusing.

ISSA: Let me share with the ranking member — questions of other moneys that are not necessarily associated today. Uh, and I'm quite candidly willing to participate in all the Fact-Finding on anything related to money. But the gentleman came here, uh, with tremendous expertise. And I think your line of questioning was very good as to how at times the Trademark Office does, in fact instituted protection against cyber squatting. You're also very helpful in delineating the fact that there are these entities aren't quite government, but our government that have trademarks, uh, one of which was the Voice of America and many other highly recognized U.S entities which are solely funded by the federal government, I think it's been productive.

I will join with you to, uh, to continue looking at questions of moneys from other governments, whether or not they're coming to the government or that they're going to a third party, because I think that's a fair area. I just don't think it's within the gentleman's expertise.

RASKIN: All right. Well, I would welcome a thorough ventilation of all these issues just so we don't go down a dark road here.

ISSA: Thank you. And with that, we go to the gentleman from Virginia for five minutes.

CLINE: Thank you, Mr. Chairman. Uh, Director Squires third party litigation funding allows outside investors, including foreign entities and sovereign wealth funds, to finance patent litigation in exchange for a share of any recovery, with no disclosure to the court or defendant. You called foreign back to litigation funding at the table unacceptable during your confirmation and committed to stronger transparency requirements. But this is an important concern. When disputes are pushed out of time and into district court, discovery becomes a weapon.

Yankee Memory Technologies, which is on the BIS entity List, is a national security threat, is currently suing micron and has used discovery to compel disclosure of highly sensitive trade

secrets. Does the USPTO support transparency requirements for third party litigation funding? And what role should the office play in preventing foreign adversaries from using opacity in litigation funding to drive American companies into discovery that exposes sensitive technology?

SQUIRES: Thank you for the question, Congressman. In terms of, um, litigation funding and disclosure, uh, for district courts, those, uh, would be my understanding. We would be handled by local rules and requirements. But for the P tab, what we did is we the real party interest disclosure requirements by reinstating a reinstating the Corning Optical. Uh president and then, uh, ensuring when real parties are identified and their foreign sovereigns are state actors, they're not allowed to participate in the attack because they're not persons, just as the U.S. government is not considered a person in the tab. Um, so, uh, RPGs are critically important. They go to issues of estoppel, originals, fairness, and they also go to issues where, uh, foreign sovereigns are state actors under try to undermine U.S. patent holders and system.

CLINE: Okay. Non-practicing entity district court filings rose 18.7% in 2025, two consecutive years of increases before you proposed IPR restrictions. Uh, have you been taking taking effect and consider who benefits from that? Four of the top five U.S. patent recipients 2025 or foreign entities. Huawei, which previously sued Verizon for over \$1 billion, has transferred nearly 1000 U.S. patents to a certain entity targeting American companies BOE, Tencent and Catl, all formally designated by the Department of War, as Chinese military companies are also among the top recipients. What evidence does the USPTO have that the proposed rulemaking will not further drive up patent litigation costs for American innovators, manufacturers?

SQUIRES: Uh, thank you for the question. Again, we're working through, uh, all the comments on the rules, including the justifications that were required to under the ACA, such as economic effect. Um, but to your question, the, um, at the P tab, we have the considerations which were just instituted and guidelines, um, for people to tell their story. If there are many American manufacturers and they're being pursued by foreign entities or, uh, or these holders of patents and these particular foreign entities. Tell us your story and we can make sure that that's considered an intruding proceeding. Uh, we're not interested in proceeding. It works both ways. So we're trying to look at the real world picture on the ground and take that into account when a request becomes for a proceeding to be instituted or not. Okay.

CLINE: Switching to trademarks, you may know I'm the co-chair of the Congressional Trademark Caucus, and I hear concerns from American brand owners about a growing backlog in processing trademark applications and the impact on the ability to secure foreign trademark priority rights under the Paris Convention, as I understand it, to benefit from a U.S. filing date under the Paris Convention, an applicant has to file a foreign trademark application within six months of the US filing date, supported by a PTO issued certified copy of the U.S. application.

I'm told PTO stated goals issues such certified copies within seven days, but that current processing times exceed three months.

Uh, that appears to be getting worse. I'm concerned at the inability of the PTO to timely process these requests threatens to jeopardize the ability of American trademark owners to claim and defend a foreign trademark priority rights. Can you tell us what you're doing to reverse the disturbing trajectory of this backlog, and to ensure that the ability of American companies to protect their trademarks against foreign competitors is not jeopardized by staffing issues with PTO.

SQUIRES: Thank you for the question. That has been a concern. Uh, it's been unacceptable as the, um, as the backlog has increased and one area, uh, we've had, as I understand, we looked into a data processing issues that have been remedied. I've invited people to send me the request for the copies directly, and they've done so. Uh, I think the word has gotten out to my paralegals that there's redress here. And so I get a half a dozen, you know, a week, which we get through, but longer term, we just announce. And I think you'll be happy with this, uh, our international search classification tool, which takes five months worth of work, normally getting up at six down to five seconds, literally.

And so, um, these are going to be this our first agenda, um, uh, entry to equip our examiners with these type of tools. Uh, international search classification is just a bare, especially if you have pseudo marks and a like. So the future looks very bright there. Uh, but we have to make sure we our house is in order on our own, blocking, tackling and getting certificates out.

ISSA: Thank you. The gentleman yields. For the second yield, if I could clarify or have you clarify what you answered the gentleman — you talked about some of these, uh, protections and rules and so on. But you seem to be talking both about defendants and plaintiffs. So some of the things that I heard, which sounded like protections, in fact, are limitations on the defendant, uh, impeachment proceedings.

SQUIRES: Um, again, the manufacturing and foreign entity and the like was the question. So if there's a petition filed against a patent holder in, in the, in the tap and, uh, part of the complexion there is that this is a, uh, action against you as being factor. We want to know that tell us that. And that will go to the discretionary component decision, whether initiated or not. Um, just — that also works for Huawei effectively, when they have a straw manufacturer and, you know, they say, well, you know, here it is. But it's still a one way —

MASSIE: Point of order. How many times does the chairman get to take five minutes?

ISSA: I only ask the gentleman to clarify what he would answer to the other gentleman. I appreciate — uh, you can take it up at a future time. Mr. Massie is right. With that, I go to the gentledady from California, uh, for her questions.

LOFGREN: Uh, thank you, Mr. Chairman, and Director Squires. Uh, you know, under prior practice, decisions were made by the p tab. And when an IPR petition was filed, a three member panel of expert administrative patent judges decided whether to institute a review under the, I quote, reasonable likelihood standard you for centralized power over discretionary denials. Um in the director in March of 2025. And then last October 17th, your memoranda went further by consolidating authority over institution decisions in the director as well. As you know, we only have five minutes here. So these two questions really have either a yes or no answer. Uh, do you intend to continue this policy instead of restoring that responsibility to a three member PTAB panel of expert judges? Would that be a yes or no?

SQUIRES: I can give you a maybe.

LOFGREN: Okay. Um, we'd like to know further if, uh, as you ponder this, because under your current policy, I'm wondering whether you consult with at least three judges before making an institution decision.

SQUIRES: Yes.

LOFGREN: Okay. That's helpful. Uh, what concerns me is not just the centralization of the authority and therefore potential for abuse, as it's that the office now regularly denies requests for review of patents that may have been improperly granted without giving any written explanation. I have, uh, an example. This is, uh, a denial. It's two pages and it just says no, right. Here's the way it used to be, which is yes or no. And the reasoning people knew where they stood. So, uh, I'm just sort of wondering under the standard operating. Procedure manual. It says the significant writing assignments in proceedings include decisions on institutions, and it goes on and on.

The expectation is that there would be a detailed explanation for whatever the decision is. Now, I'm just wondering, in these barebones summary denials, where would someone find the reasoning, uh, in the arguments raised by petitioners? And do you think that practice is really consistent with principles of transparency and fairness?

SQUIRES: I do think so. There's the body of over 600 decisions that have been issued, and where there's matters of where we have something to say or the story needs to be told. We do issue, uh, those decisions, uh, and opinions. So to provide guidance, uh, the line of cases has been one where there's been inconsistent claims, uh, often from district court, um, and there's, uh, in fact, unsettled expectations. Uh, it's worked the other way where, uh, a patent holder had their and lapsed, uh, before asserted against the defendant.

LOFGREN: I'd just like to ask unanimous consent, Mr. Chairman, to put into the record a letter from the Alliance for Automotive Innovation, the Business Software Alliance, the High Tech Inventors Alliance, uh, United for Patent Reform as I, IIA and U.S. made, along with the study that really shows their dissatisfaction with the current practice. And I think, you know, both on the winning end and the losing end, if you don't have, uh, insight into the reasoning of the decision, it's problematic.

ISSA: Without objection, so ordered.

LOFGREN: Um, I'd like to just recall — I mean, creating the patent law, the America Invents Act. I took a long time. It was not easy. Uh, I participated, and I think some other members of the committee did as well. And the idea was really straightforward. High quality patents drive innovation and growth. Low quality, overbroad patents do the opposite. They drive up prices, they imp competition, they expose businesses to abusive, uh, litigation. And we designed IPR as a streamlined, expert driven mechanism to catch the patents that should never have been granted to begin with. Uh, it was, in short, the kind of efficient, targeted administrative correction that good government looks like.

Now, if there were flaws with that system, we're willing to address those flaws and work through it. But the agency's institution rate has, I think, collapsed, not because, um, the petitioners lack merit, but there are barriers that are being applied. The Congress never authorized, just as never. Congress never envisioned that the IPR process that we crafted and are willing to work on further, if it's flawed, would be supplanted by the director just seizing control of the whole operation. So, uh, I see my time has expired, but you have discretionary denied 64% of all petitions, and the institution rate sits at about 20%. So, Mr.

Chairman, I think although my time's expired, I'm looking forward to delving into this further, because I do think there is a problem here, not only in the administration of the office, but the lack of, um, enthusiasm for the process among innovators in America. And with that, I yield back.

ISSA: The gentlelady yields back. We now go to the gentleman from Texas for five minutes.

GOODEN: Thank you, Mr. Chairman. And unlike everyone before me, I will be under the time limit. Um, director Squires, I'd like to inquire about an IPR that was recently brought to my attention. This IPR concerns a challenge against a patent owned by VLSI on behalf of NXP, which is a semiconductor based in Texas. And based on the record, it seems this case might have been mishandled by the previous administration. Is this ringing a bell?

SQUIRES: I've, uh, read in the papers about that panel.

GOODEN: I'll keep going. Under this IPR, a VLSI patent was challenged by two entities called Open Sky and PCA and continues to be tied up in proceedings. So these entities were formed around the same time VLSI won a jury trial before a U.S. District Court, Texas, regarding the same patent that Open Sky and PCA challenged. Later, PCA and Open Skies founders and backers remained largely unknown to the public, and director of it all found this to be an abuse of process, but the cases were still allowed to continue and since that director of it all is no longer in charge, would you happen to know who was behind PCA and Open Sky?

SQUIRES: I do not know, but that is one of the reasons we instituted the RPI process.

GOODEN: Your answer is the same as mine because I don't know and neither does anyone I've spoken to. And people keen on using American patent system are worried about the safety of their patents, especially those in Texas. If unknown entities backed by unknown individuals started emerging out of thin air and tying up patterns in endless proceedings, it's not a good look for transparency and reliability of American patent system, and I believe you've been acting in the interest of promoting American innovation. I thank you for that, and we'd really appreciate it if you would look into this, take appropriate action, and get back to me with answers I can't seem to find.

SQUIRES: Thank you for the question. We will look into it and I'd be happy to discuss further.

GOODEN: Thank you. We also hear concerns from a lot of folks in the panel process about the lack of predictability between administrations. Is there something Congress can or should do to help with transitions in the future?

SQUIRES: Well, uh, one of the things that, uh, would be of great value would be to continue fee setting authority and collection authority, uh, which will be expiring September. Um, we especially saw that, uh, to the dramatic benefit of our stakeholders this year when the government shut down to 43 days, the patent office did not shut down. We operate on reserves, uh, because we were able to do so run like a business from this authority. So my number one ask would be for that to continue.

GOODEN: Noted. And thank you. And thank you for all the work you're doing. I yield back — I will yield to Mr. Massie the balance of my time.

MASSIE: I thank the gentleman. Um, can you talk about how important it is that patent holders be able to get injunctions and that, uh, you know, the relief that comes after years of finally recovering some kind of royalty isn't enough to dissuade infringers?

SQUIRES: Thank you for the question. I think it's very important. And we've said so now in three instances. We formed a, uh, a standards essential working group. But before that, we've come in in three cases, uh, as partners with Department of Justice or Department of Justice

Antitrust Division, uh, regarding the injunctive factors. So we're intending to use, uh, our office as a policy voice for what's important for strong patents and to not only be strong, but to remain strong because they can get the relief across all the factors we filed in the ITC, we filed in district court, uh, and, uh, you know, expect to see us there to articulate the reasons why. Strong. And strong injunctions for valid patterns are important.

MASSIE: Isn't it true that the situation we have now is the result of court rulings and not congressional action? And is there something that Congress could do to restore injunctive relief?

SQUIRES: Uh, we're aware, uh, certainly, uh, of and, um, have looked into the provisions of the Restore Act, as I understand, called, uh, which would, uh, rebalance, um, uh, rebalance injunctive relief considerations. It's been a hodgepodge, uh, in district court. And that's been part of the problem, especially if you're an arm's length negotiation. Um, and there's, uh, you know, the holdout problem, as it's called in standards, essential patents, uh, having predictability, I think would, uh, would have a great market effect. But the provisions, uh, like those in Restore act, I think is something that only Congress can take up. And, uh, we'd be willing to, uh, to have further dialogs as to what that might look like.

MASSIE: Thank you. I yield back.

GOODEN: The gentleman yields. Yeah. Uh, just one question very quickly. You, uh, you said a hodgepodge in district court. Isn't the eBay decision a Supreme Court decision?

SQUIRES: Uh, yes, it is. The Supreme Court has ruled on injunctive relief, and we live under that guideline — it produced an interpretation of law under the Constitution. Right. The eBay case sets forth the factors which the district courts have to apply, and they apply them in a hodgepodge fashion.

ISSA: Oh, that would be like the PTAB. With that, I recognize the gentlelady from North Carolina for five minutes.

ROSS: Thank you, Mr. Chairman and Ranking Member Johnson, for organizing this hearing. And thank you, Director Squires, both for your service and your testimony today. I'm proud to represent North Carolina's Research Triangle, home to companies and startups that have built thriving businesses from a single idea or an invention. This type of innovation and growth couldn't happen without strong intellectual property protections that we enjoy here in the United States, and that came from our Constitution. And yet, small inventors are having a much harder time defending their patents.

The tech allows, as we've heard, multiple challenges, even from the same party to a patent validity, forcing a patent holder to defend their invention again and again, often until the patent holder gives up and settles, mostly because they don't have the resources. Not only that, but

challenges. Often challengers often file parallel suits against the patents validity in federal district court, which we've heard about hedging their bets and hoping to get a finding of invalidity in one venue or the other. And of course, the challengers have more money to get to do that.

And as we know, and we've discussed, uh, the USPTO filed a notice, a proposed rulemaking last fall to help address this problem of repeated challenges to a patent validity. And I really appreciate Mr. Massey's comments on this earlier in this hearing. I just want you, from the perspective of a small inventor, to tell us what you've heard about the difficulty of defending their patent in different venues or having multiple parties come after them.

SQUIRES: Thank you for the question. Uh, before I took, uh, office, I represented, uh, startups and small inventors for about ten years. I may be the only director who's had that direct experience. Uh, and it's been a terrible problem, as you've referenced, uh, sometimes we've seen as much as seven, uh, petitions keep coming in waves. That's why under the nprm, we're saying we have to have some clarity. Quite a title. Finally. Uh, and if you want to still, um, have, uh, multiple filings or multiple parties, join it. Uh, one join in. Done. But to your question on the individual, uh, as monitoring experience.

Um, it's a killer of people are not able to become, you know, uh, I'm aware of a, uh, funny little patent. And, uh, I'm getting out of Stanford in 1999. The PageRank that, uh, that is now, of course, Google. So, you know, we're our next Google Drive coming from where our next, uh, big companies and big tech are coming from. Start in someone's garage and they're small inventors, and they need to have the same respect, uh, as afforded, uh, everybody in the system.

ROSS: Right. Um, well, I am a co-sponsor of the bipartisan, bicameral Prevail Act, along with Congressman Moran from Texas. And then, of course, Senator Tillis and Senator Coons. And we're hoping that that, uh, that bill will get a hearing and then Congress can have its say. Um, I do want to ask a question that was mentioned in some of the opening statements. As we know, there have been reports that the USPTO and the Department of Commerce are considering plans to institute a value based patent fee.

Um, and last fall, I led a bipartisan effort with several members of this subcommittee to secretary urging the department not to move ahead with the patent tax because, again, I believe it will hurt small inventors more. Although Secretary Mnuchin recently said in a Senate hearing that this was not the plan. His answer appeared to leave open the possibility of extracting more value from patents by other means. Um, at any point in your tenure, uh, at Commerce or PTO, have you considered this value based patent tax and how would you implement it if you did it?

SQUIRES: Uh, thank you for the question. Uh, I echo, um, uh, Secretary Lutnick's statements. Uh, he and he explained. How would you do that? How would you value that? So, no, I've never

been in those discussions where value had any consideration is not something that's on the table or even could be done. I think, uh, and certainly the patent office would not be in the business of providing market valuations for people on their patents. We're in the business of granting them, making sure they're born strong, and let the market work.

ROSS: Well, thank you. And I hope it remains that way. I yield back.

ISSA: The gentlelady yields back. I recognize the gentlelady from Florida for five minutes. Do we have unanimous consent?

LEE: Uh, ask unanimous consent to submit a five page letter from U.S. Inventor to the record.

ISSA: Without objection. So ordered. Now, the gentlelady may proceed.

LEE: Thank you, Mr. Chairman, and Director Squires, thank you for being here with us today. Uh, the work of the U.S. Patent and Trademark Office is such a critical role in supporting innovation, protecting intellectual property, and ensuring our patent system functions effectively for businesses and inventors. I appreciate your time with us here today. So I continue to hear from retailers and manufacturers and Main Street businesses that they are being sued for widely used off the shelf technology like Wi-Fi systems for point of sale devices, and being forced into settlements because the expense associated with. In our article three quartz is simply too high. How do you respond to concerns that limiting access to PTAB is increasing litigation costs and forcing small businesses into these settlements?

SQUIRES: Thank you for the question. Uh, and the high cost of litigation is, of course, a concern. And that's why, um, under the AIA, uh, IPR is were designed as an alternative litigation, lower cost of litigation. But IPR is not the only game in town. People also tend to conflate tab limiting tab. And that's not what's intended to happen. That's not what we're intending on the rule. There's always the avenue of reexamination. We would love to see people, um, utilize guitars more effectively as sooner in time, clearer title. Um, in general, we're preferring a more laid open model where you take your shot, take it now, and take it once and for all.

And as I said, instead of one and done, uh, people need to think about as one joined in. Done. So there's a ability for collective action and and there's also then of course, district court. Uh, but there's at least three alternatives available under the beta.

LEE: One of the other things I think is important on that front and trying to minimize that down the road litigation you touched on in your opening testimony, and that really is the quality of the initial examination. And I want to hear more about what you are doing with artificial intelligence, uh, and how AI is being used on the initial, uh, patent examination. Um, particularly, I'd like to hear you get this human in the loop of approach using AI, but also having you involved. Um, tell us a little bit more about that, and what safeguards you have in place to

ensure that using AI tools, uh, is not introducing any sort of bias or narrowing the scope of prior art considered.

SQUIRES: Thank you for the question. Uh, it has multiple touch points, uh, of course, in the office, but, uh, I'll give you one example. We have launched a, uh, what we call ASAP, uh, AI generated pilot program, which takes the prior art. Yes, it to the applicant. Um, uh, before the first office agents or literally the examiners and the applicant are on the same page with the prior art, uh, beforehand. So they have some agency as to what they want to do. They can make an amendment, uh, they can, uh, you know, marshal their arguments or decide this is not going to go well, uh, we're not going to waste our resources and refile with something, um, you know, uh, something, uh, objective resources to something that might be more productive.

So we're trying to get information in the hands of people as soon as possible, point where they can do something with it, and have people be on the same page on the eligibility side, um, we've formed a, uh, one on one working group. Uh, and we've have are starting to deploy AI agents to assist in some of the areas where they're the thorny issues to decide on one on one, uh, and to give some assistance to the examiners always will be. Human loop. Uh, the larger vision, uh, is, as I mentioned in my opening statement, to have the examiners be able to manage, um, a cadre of agents, deploy them as they see fit to their cases, uh, and be able to do thousands of hours in the hundreds of hours time, but still remain expert in their field and be just as equipped as the private sector applications coming in to meet the examination challenge.

LEE: Thank you, Director. I yield the balance of my time to the chairman.

ISSA: I thank the gentlelady. Uh, a couple of quick things. You know, you keep talking about these off ramps, these other opportunities just between two people have dealt with patents for a long time. Expert reexamination is exactly that. It's the inventor and an examiner, sometimes the same examiner or sometimes someone different, talking about whether or not some third party allegation is correct or not. It's a one sided process that favors dramatically a same or substantially same patent. It's not an even playing field. The p tab exists because it's party was ending up almost always successfully favoring the reinstatement or the continuation of the patent compared to the outcome tab. Isn't that true?

SQUIRES: It's not — it's not a place it really — if you've been accused, it makes any sense to throw it and hope for the best without seeing anything until it comes out. Pardon me, that may have been the case in the past with reexamination. I don't believe that's the case now. In fact, it's become a quicker, uh, and almost the same outcome, uh, experience as the PTAB has been.

ISSA: I appreciate that. I'd love to have a longer dialog, but I don't own the time. The gentleman from California is recognized for five minutes.

LIEU: I thank you, uh, Mr. Chair. Director Squires, before we get into your recent policies, I just want to make sure that we're grounded, uh, in the basics, because much of this debate seems to move past them too quickly. So, to my understanding, IPR is an administrative process allowing parties to ask the Patent Trial and Appeal Board to reexamine whether an already issued patent is valid. It was created to provide a faster, more cost effective alternative to litigating patent validity in federal court.

Uh, recognizing that initial patent review can be imperfect and instituting a review means the board agrees, there's enough merit to examine a challenge while denying institution means the challenge does not move forward. Is that correct?

SQUIRES: Uh, in general, the IPR process has two components, one discretionary and one merits.

LIEU: Right. Okay. Uh, at the end of the day, um, it is ultimately about protecting US companies, inventors, and those patents. You know, that's what we're here to, uh, and we're trying to make sure, um, where there's been, especially when there's been an examination, there's redress available. Um, so there are concerns raised that IPR may disproportionately impact individual inventors and small entities. There's been discussion about non-practicing entities, entities that assert patents but do not manufacture products. And their role in patent litigation, including some that may have foreign ownership or backing. So does the USPTO distinguish between different types of patent holders when evaluating how key policies affect stakeholders?

SQUIRES: Um, it's certainly a discretionary consideration that we invite people to tell their story. As I said, we just recently announced guidance, uh, that for American manufacturers or if they're patent holders and applications filed against us, tell us about that. We want to know, uh, conversely, if they're, um, state actors, uh, or foreign sovereigns, they can't be in the tub under the reasons of return mail application to, uh, to foreign sovereigns of state actors. So we need to know, uh, who's there and what the critical situation is. Also, with the guidance on the manufacturing, we, uh, reference small businesses. We want to know. What the dynamic is, whatever side you're on, before institution.

LIEU: Okay, so you're saying if there are sovereign funds, if there are foreign actors, you do want to know —

SQUIRES: We need to know, because they're not allowed in the PTAB.

LIEU: Okay. And so that means that you also have collected this data. So you have done data collection on this?

SQUIRES: So, you know, um, there's a real party interest requirement. The RFPs have to be identified at the time of filing. Um, and so that's a disclosure if it can be raised by, um, Pat holder

in response to a petition. And, uh, so it's a, um, a disclosure type process, but we do have data on the number of, um, foreign, uh, state actors who, uh, collectively from foreign countries who've appeared to be tapped historically. And if you aggregate them, they would rank number four.

LIEU: Okay. So if I asked you, uh, to provide to this committee a breakdown of that data, broken down by entity type, domestic versus foreign ownership, whether the patent holder manufactures anything, um, you would be able to do that?

SQUIRES: I don't know the extent of what granularity we have. I can provide you a list of the filers.

LIEU: Yes. All right. Well, that would be helpful because, um, I think the question is, are different entities treated differently? Um, and I think small versus big is always going to be an issue. But when there's also concern that a company has foreign backing. Um, for me, that also raises national security concerns. Right. Um, and I wouldn't want a while, for example, getting in the mix, um, and playing a role in seeking or holding a patent that should be for a U.S. inventor or company.

SQUIRES: Understood. We're happy to work with your office. I would direct your attention to the Corning Optical memo that I issued, which did have a list, uh, listing of, um, IPR petitioners, uh, in aggregate, uh, by IPR petition.

LIEU: Okay, great. So we are on the record as saying we're requesting that information. We leave it for you to be able to share that, um, with the committee, and I do have you.

LIEU: I'm sorry — yes, I do, Chair. Um, uh, ask unanimous consent to enter into the record "Trump Appointees are Hijacking the Patent System," dated, uh, May 2025, from Prospect.

ISSA: Without objection. So ordered.

LIEU: And next one to enter into the record: "Trump's PTO Picks Fortress to Signal Big Tech Patent Fights."

ISSA: Without objection. Thank you. Uh, at this time, submitted to the record by unanimous consent, a copy of the docket, uh, for the Patent Trademark Office revised proposed rules that we've been alluding to. Uh, additionally, a number of letters. And I'll, I'll ask them to be placed in block, uh, which they do include, but not limited to, uh, patents for affordable drugs, uh General Action, patent, Crypto Council on innovation and a number of others without objection. So ordered. We now go to the gentleman from South Carolina, for whom I have a unanimous consent.

FRY: I'd like to enter into the record a letter from the Council for Innovation Promotion dated March 24th, 2026, addressed to yourself and me regarding this hearing.

ISSA: Without objection. So ordered. The very patient gentleman from South Carolina is recognized.

FRY: Thank you, Mr. Chairman. Uh, director. Thank for being here. Um, the, uh, people and tea pack have served as effective vehicles for the private sector and subject matter experts to offer specialized guidance to the PTO. Uh, I'd like to commend you and Secretary Nick for appointing new members of these bodies last fall. Uh, when do you anticipate the remaining vacancies, uh, to be filled and the committees will reconstitute and begin their work?

SQUIRES: Thank you for the question. Uh, very soon. The — as you're seeing both on the patent and trademark side, uh, it's really an all-star roster, and we just extended an offer, uh, last night to, uh, the individual mentor, which is the, uh, statutory required person that crystallizes everything. So we're hopeful very soon.

FRY: Great. Thank you for that. I'm gonna move on to a separate issue. US research and development obviously works on any number of things, uh, across many fields, uh, medicine, telecommunications, manufacturing, emerging technologies, uh, In the context of patents, how do foreign competitors try to undermine our system?

SQUIRES: And, uh, in your view — very briefly, um, brief as I can — um, in several ways. Uh, one is known as flooding the zone. Uh, we've seen a lot of, uh, local applications emanating from areas, others, uh, fraudulent filings, um, which we've deployed some tools and identified, as I said, remove the trademark register, tens of thousands of applications. And the third, uh, arrow in our quiver, uh, we just announced is a rule that you must be a, uh, U.S. practitioner before the patent office and, uh, to file papers. So, uh, accountability is, of course, important. And those are ways we're trying to address these issues.

FRY: Regarding pharmaceuticals, what steps has your office taken, uh, or plans to take to ensure that the U.S. remains a global, um, leader in pharmaceutical innovation?

SQUIRES: Uh, again, um, our number one goal is to have patents born strong. Uh, make sure they receive rigorous and thorough examination, uh, and get to market in a timely manner.

FRY: Uh, switching gears again on the IPR, I know we've talked about that a lot today. How was office thinking about striking the right balance, uh, related to IPR? Um, ensuring the manufacturers in strategic, strategic industries can effectively defend against questionable patents, uh, whilst preserving the strong protections and access for small businesses, startups, and independent inventors?

SQUIRES: Thank you for the question. Yes, balance is the key word. Uh, it's a unitary system. I like to quip sometimes that means that someone is always unhappy, but nevertheless, uh, we're trying to strike the balance. Um, especially on the discretionary side, as I mentioned, uh, where there are small business factors or manufacturing that goes both ways, uh, tells a story we've even had this was where things that have been, um, controversial, like I said, expectations that both ways, uh, there have been, um, assertions where, uh, patents have, uh, lapsed, uh, and then come into being and, uh, again or licenses have been issued against the cell expectations, and those could take into account whether density or not.

FRY: Thank you for that. You would agree — you said flooding the zone earlier. So you would agree with me that, uh, nation states like China, um, challenge current patents or trademarks pretty frequently. Is that fair to say?

SQUIRES: Uh, they have, uh —

FRY: But beyond that practice, how do we deal with domestic companies that do that? I'll give you an example. So Monster Energy Drinks is like the number one, uh, filer against trademark, uh, uh, existing trademark applications there, like far and away about everybody else. Uh, they've been labeled as a trademark will have the year by multiple times at least since 2012. I don't wanna single them out, but I do think it's really problematic, like some of these cases, like, uh, camping gear because the name is for monster, um, a craft brewery company. Uh, what I, what I'm concerned about is, like, big companies with a lot of assets come in and swing at small restaurant owners.

I guess there was a restaurant in Ohio. Uh, it's a sawmill restaurant, and they called the monster Shwarma. And somehow that's a trademark infringement on Monster. It's really aggressive. And so how do we protect small businesses against trolls like Monster Energy Drinks?

SQUIRES: Uh, it's a difficult question. Um, the way we protect them is, uh, I, you know, early access file is the Ken monster, of course, has a famous market, has a lot of earth in court. Some assertions. Um, but, uh, trademark system is a registration system. It levers off of using commerce, uh, often from state rights. Uh, and they'd register federalize that. So, you know, the, the, uh, part of the solution is to let people know we're here. You should file, um, a rule 11 sanctions. I mean, if they're filing frivolous things and they're obviously like, I'm not I'm not suggesting that all their cases are not meritorious.

What I'm suggesting that's a little bit alarming that the number one company in the country filing in small businesses, uh, they're really aggressive on their tactics. And what I'd like to know is, you've got tools in your toolbelt to rein in some of these practices, and we've already got a full docket. So how do we rein in, uh, companies like that from abusing the system?

SQUIRES: Again, thank you for the question. On the rule 11 basis, that's, of course, more of a just record litigation dynamic. Um, uh, in terms of, uh, utilizing our office in terms of oppositions per se. Uh, those are something that, um, you know, we do have a t tab and we do have discretion around those type of matters. And again, just like the patent side, uh, tell us your story. That's often compelling. We're trying to be responsive to real world dynamics.

FRY: I appreciate you doing that. This is not a criticism of you or the office. I just wanna make sure. Obviously, we wanna focus on China and the things that they're doing to undermine our competitiveness. But we also have some problems domestically too — some ways people abuse the system. So thank you.

ISSA: That's great. Um, just want clarification. You used the term "famous mark." IBM is a famous mark. Ford Motor is a famous mark. Monster Cable doesn't — Monster Drinks doesn't meet that requirement, does it? You used it. I don't think you meant to use it.

SQUIRES: I have not come to that conclusion.

ISSA: I want to be clear — a famous mark, the word "monster" all by itself, would have to have acquired secondary meaning. Right? That would be for the courts to decide. But those are parameters.

SQUIRES: Yes.

ISSA: Okay, so Monster movie, Monster Cable, which every professional musician uses and predates Monster Drinks. I'm trying to make this point because it's important for this hearing. Do you want to go back and revise for the record your statement that Monster Drinks is somehow a famous mark? Because it obviously makes a huge difference in how you and the courts deal with allegations.

SQUIRES: Right. I would revise my statement. If Monster is a famous mark, then these are the types of things that they could do in court. I absolutely agree with you.

ISSA: I've certainly seen a blue oval, uh, without the word Ford, be considered important because Ford is a famous mark. And I appreciate that. I'd ask unanimous consent in block for a number of submissions, including from Arnold Ventures, from Entertainment Software Association, from the —

FRY: Yes. Uh, one second. Yeah.

ISSA: Okay. From the Business Software Alliance. Some of these are long. They really have things to say to you, Director. Uh, from the most famous of all, the Consumer Technology Association, who opines in the negative, to say the least. And others too numerous — we'll be giving them all to you. Without objection, so ordered. I now recognize myself for a number of

questions. Uh, isn't it true that, uh, the number of so-called serial applications, the repeat, uh, use of p tape was less than 1%? And yet your rule applies to 100%. Is that correct?

SQUIRES: The historical serial, uh, attacks — less than 1% is my recollection.

ISSA: Well, I don't know the exact figure. Okay, that's the figure that the CTA comes up with. Please give us your answer. For the record, um, I already discussed experts. We're going to agree to disagree that you formed anything, uh, simply because it is still a process that there's only two people in the room, and one of them is not the person who submitted the documentation. They're not part of the process. That's why it's ex parte. Correct?

SQUIRES: That's correct.

ISSA: Um, the, uh, I've got a great many items, uh, to say the least, but probably the largest one is currently, uh, when I mentioned that you take in cases in which they were discretionary, allowed process had nearly reached a conclusion, and then you've pulled them back essentially retroactively. Discretionary release. They never existed. Where do you believe you get that authority?

SQUIRES: Uh, I don't know what specific cases you're referring to, uh, or the particular facts of the matter.

ISSA: But — Interactive Communications is one example that we have that you did that to. Um, and I like this because when it goes to a final decision, if you want to reverse it, you can. But there have to be essentially, it's not without paper when you simply do a denial. There's no paper as we've seen today. Uh, so retroactively doing it makes a huge difference because that discretionary denial after the fact, after the facts have been laid out, after it's gone through the process and expense, then denies the individuals either an outcome possibly reversible, or an explanation, which you did not give in that case.

SQUIRES: Uh, again, I'm not familiar with the underlying case by caption. However, there is wide discretion afforded, and I believe the discretion would include changing your mind.

ISSA: Well, I don't believe you have that discretion once the process begins. And so we'd like you to cite, as you did very eloquently, and others where you believe in the, uh, American content Act, that you believe you have that discretion, uh, because we disagree. And additionally, since that discretion is not challenged in court. And yet the final decision would be, uh, you see where the ambiguity is, you've taken away the ability to have, uh, additional, uh, appeals because you've denied them by using the discretionary denial after the fact, which takes away their ability to actually, uh, have any further redress. Correct?

SQUIRES: I don't agree with that. The authority is 316. Um, it's 35 U.S.C. 316. V and I'm required by statute and rulemaking. We use this in our decisions for the take account the economy, integrity, the patent system and the efficient use of resources in the discretionary part of our what we do. The merits part is a different horse, but the discretion piece is the gate — the one component before you get to the merits.

ISSA: Okay. Let me use my final time for some very tough questions. Um, you mentioned, uh, Secretary Lutnick having 500 patents. Is it true that it's your knowledge that the secretary, during his tenure was often a plaintiff suing in district court? Directly or indirectly?

SQUIRES: Um, I'm recalling, uh, days of high speed — BrokerCheck. And there are several suits back in the 2000s around that.

ISSA: But it's fair to say that from a monetary standpoint, he, uh, he benefited from lawsuits and may or may not have an opinion on the whether he likes to have or not, since he began reducing types of activities during his tenure. Before you came on board and directing the acting, uh, have you had any discussions with the Secretary concerning any of these policies?

SQUIRES: Um, I would — the NPRM that was issued is the Secretary's first and signature rule. So he was actually behind us. So as you sit here today, the secretary has a role.

ISSA: Let me ask one last question. To your knowledge, has the secretary eliminated all owned assets that could in any way benefit from these changes?

SQUIRES: I have no knowledge of whether he has.

ISSA: Okay. Would you to the best of your ability answer for the record? Or perhaps we'll ask the secretary directly by subpoena. It is my understanding that he may not have eliminated all of his his holdings, and therefore there could genuinely be a conflict, uh, as you whether whether right or wrong, whether you have authority or not dismantle he tap cutting by 80 judges and continuing to court by discretionary both regular and retroactive. Um, there's a lot more to ask. I'll submit the rest for the record and ask that you agree to answer them. I will send them to you within five days. It's actually a question we normally do at the end by unanimous consent, but if you'll agree to take written questions from the record from all members —

SQUIRES: We would, uh, welcome the chance to interact with the committee.

ISSA: Thank you. Um, in conclusion, this has been an illustrative hearing. Uh, I will say, uh, this is usually something a minority would be saying that it's been too long. It took too long. Uh, we are now over 15 months into an administration. And this is the first, uh, visit, uh, of a committee that is, uh, to the committee of jurisdiction. Uh, is our hope that prior to the close of this

Congress, that we will have you back for at least one additional hearing, not to repeat the subject, but to follow up on them.

It is the normal practice to have a regular dialog with the trademark office, and is my personal hope, and I believe the ranking members personal hope that that dialog will continue so that by the time you come to the next one, we won't be talking in single digits. How often we've been able to have interactions with your office directly. Uh, and with that, I am required to say this concludes today's hearing. And I want to thank our witness for appearing before the Congress. Without objection, all members will have five legislative days to submit additional written questions. And, uh, the witness, uh, to the witness and additional materials for the record and without objection. And adjourned.