

# Gravure Global Summit: Legislation Update

Lisbeth Lyons  
VP Government Affairs

March 12, 2014

---



# Gravure Global Summit: Legislation Update



Printing Industries of America  
Government Affairs Mission Statement:

***“To advocate public policy that **benefits and protects**  
America’s printing industry”***

# Gravure Global Summit: Legislation Update

- Agenda
  - 113<sup>th</sup> Congress - State of Play
  - Industry Issues
    - Patent Litigation Reform (Patent Trolls)
    - Affordable Care Act
    - Tax Reform
  - Election 2014
    - Mid-Term Impact, Analysis & Predictions
  - Industry Action Items
  - Q&A

# Gravure Global Summit: Legislation Update



- 113<sup>th</sup> Congress State of Play
  - Senate
    - D: 55 R:45 I: 2
  - House
    - D: 200 R:233 (2 Vac.)
  - Key Themes
    - ACA (aka “Obamacare”)
    - POTUS “Pen & Phone”
    - Plus: Immigration, Social Issues, Nat’l Security, Russia
    - ~~Debt Ceiling; Fiscal Cliff~~
    - **2014 Mid-Term Election**

# Gravure Global Summit: Legislation Update



- Worst Congress Ever?
  - Dysfunction; partisanship; no trust
  - LOWLIGHT: 16-day Shutdown
  - 113<sup>th</sup> Congress passed fewer substantial laws in first session than any other Congress in past 20 years. *(Pew Research Center)*
  - 80<sup>th</sup> Congress labeled “Do Nothing” by Pres. Truman passed 900 bills; Congress passed 62 in 2013. *(Pew Research Center)*
  - Approx. 75 legislative calendar days left in session
  - Good or Bad?? Depends on perspective/ideology!

# Gravure Global Summit: Legislation Update

- Patent Litigation Reform
  - The Challenge...



- What is a “Patent Troll?”
  - *Since 2005, number of defendants sued by trolls has quadrupled*
  - *In 2012, trolls sued more non-tech (end user) co’s than non-tech co’s.*
- What harm do “patent trolls” cause to the economy? The industry?
  - *In 2012, over 7,000 defendants & 1000s of demand letters*
  - *Troll activity cost US economy \$80 billion in 2011*
  - *Productive co’s made \$29 billion in direct payouts*

# Gravure Global Summit: Legislation Update

- Patent Litigation Reform

- The Challenge...

- What harm do “patent trolls” cause to the economy? The industry?

- *“Trolls” seeking licensing fees from printers for at least 8 patents*
      - *Patents covering QR codes, scanning, computer-to-plate workflow & online ordering attracting “troll” activity*
      - *Common demand letter received by printers seeks \$75,000 in first two weeks; \$95,000 after two weeks*
      - *Printers estimate spending \$10K-\$15K for initial investigation/defense; plus 125-150 hours of lost productivity.*



# Gravure Global Summit: Legislation Update

- Patent Litigation Reform

- The Solutions...

- Address bad faith demand letters
    - Litigation & fee-shifting reforms to remove financial incentives for “trolls”
    - Enact customer stay to allow manufacturers to defend customers
    - Improve patent quality by expanding “covered biz method”
    - Make patent ownership more transparent
    - Education, outreach & info access to small businesses





# Gravure Global Summit: Legislation Update

## Patent Litigation Reform

- Legislative Action
  - US House
    - Innovation Act (HR 3309)  
passed by 325-91 (12/5/13)
  - US Senate
    - Leahy/Lee (S. 1720)
    - Cornyn, Hatch, Schumer
  - White House
    - 2013 Exec Order (6/5/2013)
    - Patent Trademark Office  
Exec Orders (2/10/2014)

## Patent Litigation Reform

- Lobbying Action
  - Big Tech
  - End User Community\*\*
  - Small Inventors & VC
  - Research Universities
  - Trial Attorneys

*\*\*Printing Industries; Nat'l Retail Federation; Nat'l Restaurant Assn; American Hotel & Lodging Assn; American Gaming Assn; DMA; 4A; etc.*

# Gravure Global Summit: Legislation Update

- Patent Litigation Reform
  - Printing Industries of America Action
    - Print's Voice '13 – **Fly-in lobby visits** with key Judiciary Cmte offices (*June 2013*)
    - **End User Roundtables** with House Judiciary & Leadership (*July 2013*)
    - Printing Industries **CEO Michael Makin testified before Senate Judiciary Cmte** (*December 2013*)
    - Invited by Sec of Commerce; NEC Chairman, PTO to **White House Roundtable** (*February 2014*)
    - Participated in “**Great Patent Debate**” at **Newseum** w/ Sen. Lee & Rep. Policy (*March 2014*)
    - **Ongoing:**
      - Grassroots letters to Capitol Hill
      - LTE in local newspapers
      - Paid & earned media; advertising; special events



# Gravure Global Summit: Legislation Update

- Patent Litigation Reform

- Timeline to Victory...

- Leverage grassroots advocacy (*March-April*)
    - Senate Judiciary Committee Markup (*Goal: April*)
    - Full Senate floor vote (*Goal: April-May*)
    - House-Senate Conference (*TBD*)
    - POTUS signs legislation to enact law (*Summer*)



LEARN MORE @

[www.mainstreetpatents.org](http://www.mainstreetpatents.org) &

[www.patentprogress.org](http://www.patentprogress.org)

# Gravure Global Summit: Legislation Update

- Affordable Care Act
  - The Challenge...



- Policy, politics & perception of implementing the Affordable Care Act, including:
  - The “Good Stuff”
    - Extending coverage for dependents; covering pre-existing conditions
  - The “Tricky Stuff”
    - Individual mandate, Employer Mandate, Taxes/Fees
  - Health insurance market response
  - Medical practitioner response
  - Patient perceptions/experiences

# Gravure Global Summit: Legislation Update

- Affordable Care Act
  - The Challenge...



- Snapshot of ACA Enrollment
  - 4.2M enrolled as of March 1st (CBO original target was 7M)
  - Estimated 20% of those have not paid first month's premium
  - Unknown what % of those were previously uninsured v. switched coverage
  - Key Demographic: 18-34 yrs: 25% of enrollees (estimated 27%-40% needed to support ACA)
  - Administration predicts spike in final 3 weeks of enrollment (deadline: Mar. 31)

# Gravure Global Summit: Legislation Update

- Affordable Care Act

- Implementation delays include:

- 1) Individuals may keep health plans until October 2016 (also applies to companies w/ 50-99 employees); Minimum “essential coverage” does not apply in most cases.
- 2) Employer mandate delayed (twice) for companies w/ 50-99 employees until 2015.
- 3) Larger companies (100+ employees) can avoid fines if 70% of employees are eligible for coverage in 2015. In 2016, the compliance level rises to 95% (original law).
- 4) Simplified employer health care coverage reporting rules to IRS.
- 5) One-year delay on rule prohibiting employers from providing better health benefits to top execs than to other employees.

LEARN MORE @ [www.printing.org/hr](http://www.printing.org/hr)

# Gravure Global Summit: Legislation Update

- Affordable Care Act
  - What hasn't been delayed?



- Rx drug industry fees
- Medical device tax
- Health insurance tax (HIT)
  - [www.healthinsurancetaxhurts.org](http://www.healthinsurancetaxhurts.org)
  - New fee on health insurance firms based on the plans they sell to individuals and companies; exempts self-insured health plans.
  - 87% firms w/ <100 employees purchase coverage in the fully insured market; 82% firms w/ >500 employees self-insure.
  - NFIB study” HIT will raise cost of employer-sponsored insurance by 2-3%; cumulative impact of nearly \$5,000 per family by 2020; small biz would bear 59% of job loss impact.

# Gravure Global Summit: Legislation Update

- Affordable Care Act

- The Solutions...

- SCOTUS & Election 2012

- Upheld individual mandate (*June 2012*)

- GOP ticket runs on repeal; defeated (*November 2012*)

- White House

- Delay, delay, delay

- Congress

- GOP: Repeal, repeal, repeal... Highlight failed roll out, and TBD: replacement??

- Dem: Promote success stories...

- Election 2014

- Voters “re-litigate” ACA at the ballot box





# Gravure Global Summit: Legislation Update

- Tax Reform

- Tax Reform Act of 2014 *(Introduced 2/26/14)*

- Revenue & distribution-neutral; covers corporate & individual payers
    - Plus & minuses for manufacturers, including:
      - Top corporate tax rate of 35% phased-in over 5 years
      - Top tax rate of 25 percent for S corps' domestic manufacturing income
      - Modified, permanent R&D credit
      - Permanent, enhanced Sec. 179 expensing
      - Repeal of corporate AMT
    - Major concern for printing industry: “Ad Tax”
      - Ad deduction cut 50% in year 1; amortized over 10 yrs
      - Small biz concession: companies could expense first \$1M of advertising, provided total ad budget does not exceed \$2 million.



LEARN MORE @ [www.nam.org](http://www.nam.org) *(Issues: Tax & Corp Finance)*

# Gravure Global Summit: Legislation Update

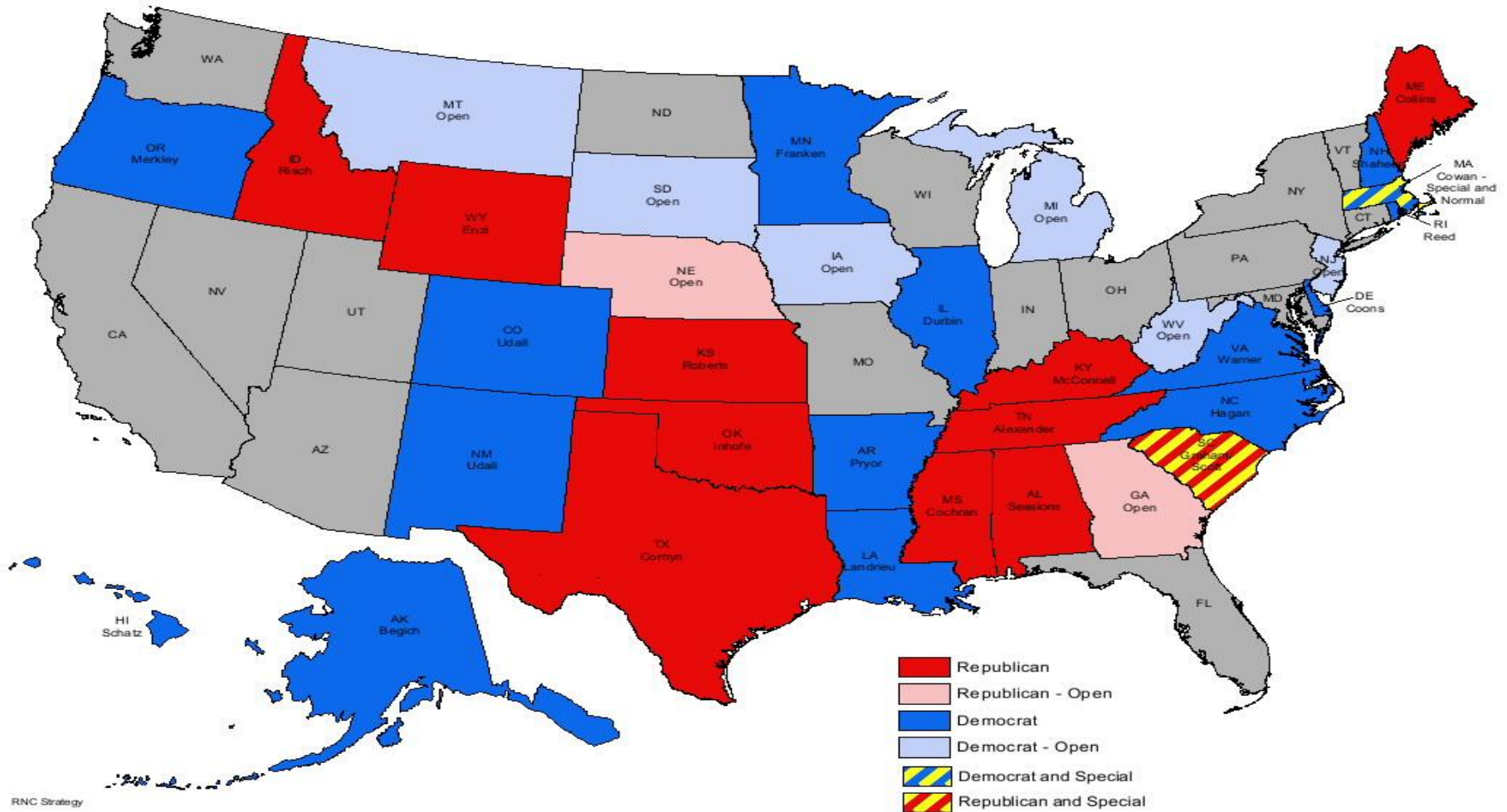


## Election 2014

- House
  - *Key #:* 21 retirements to date (10 D, 11 R)
  - *At Stake:* Committee Chairmanships; Moving GOP agenda thru BOTH chambers
  - *Prediction:* (Dems need +17) **Status Quo – GOP Control**
- Senate
  - *Key #:* 36 Senate seats are up in 2014 (33 regular cycle of 6 yrs; 3 special elections)
  - *At Stake:* Green or red light on Obama agenda for final 2 yrs
  - *Prediction:* (GOP needs +6) **Toss Up – Margin of 2-3 Seat Party Control**

# Gravure Global Summit: Legislation Update

**Senate**  
Up in 2014



RNC Strategy

# Gravure Global Summit: Legislation Update

- ▶ 2014 Mid-Terms: **Perfect Storm for Dems?**  
*Obama Approval Rating + ACA + Senate Map*
- ▶ Obama Approval Rating:
  - ▶ Average of 48.3%; standard deviation of 4.3%
- ▶ ACA (as discussed)
- ▶ Senate Map
  - ▶ Reddest Senate map of Obama presidency
  - ▶ 7 seats currently held by Dems were won by Romney by > 50% (*aka* Obama lost)
  - ▶ Outside spending favoring GOP



# Gravure Global Summit: Legislation Update

- ▶ 2014 Mid-Terms: **Path to Majority for GOP?**
  - ▶ Tier I: Most Likely to Flip from D to R
    - ▶ **SD, WV**
  - ▶ Tier II: Leaning Flip from D to R
    - ▶ **MT, AR**
  - ▶ Tier III: Vulnerable Dems
    - ▶ **NC, LA, AK**
  - ▶ Tier IV: Toss Ups
    - ▶ **GA, MI, KY, CO, IA**
  - ▶ Tier V: Wildcards??
    - ▶ **VA?? NH??**



# Gravure Global Summit: Legislation Update

- ▶ 2014 Mid-Terms: **Path to Majority for GOP? (+6)**
- ▶ Tier I: **Most Likely to Flip D to R**
  - ▶ **SD, WV**
- ▶ Tier II: **Leaning Flip D to R**
  - ▶ **MT, AR**
- ▶ Tier III: **Vulnerable Dems**
  - ▶ **NC, LA, AK**
- ▶ Tier IV: **50% - 50% Toss Up**
  - ▶ **GA, MI, KY, CO, IA**
- ▶ Tier V: *Wildcards?? VA?? NH??*

# Gravure Global Summit: Legislation Update



- **Industry Action Items...**
  - ✓ Patent Reform: Contact US Senators to urge bold, comprehensive reform.
  - ✓ Affordable Care Act: Share your story w/ Congress; participate in industry surveys & research.
  - ✓ Tax Reform: Join the discussion by telling your lawmakers what you like/don't like in the Camp plan.
  - ✓ Constituent Relations: Facility tours!
  - ✓ Election 2014: Engage employees in civic responsibility; voter guides.  
*LEARN MORE @ [www.nam.org](http://www.nam.org).*

# Gravure Global Summit: Legislation Update

Q&A...

Questions??

Comments??

Suggestions??

***Thank you for listening!***