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Testimony of:
Jamie Simpson, Chief Policy Officer and Counsel
Council for Innovation Promotion
1909 K St., NW, 12th Floor
Washington, DC 20006
(312) 523-6153
jamie@c4ip.org

Thank you, Ambassador Greer, and members of the Office of the U.S. Trade Representative, for the opportunity to testify today.

I am speaking on behalf of the Council for Innovation Promotion, a bipartisan coalition committed to ensuring U.S. innovators receive fair and effective intellectual property protection at home and abroad.

IP-intensive industries contribute more than 40% of U.S. economic output and support over 62 million jobs. But that success doesn't stop at our borders. It depends on whether U.S. companies can count on clear, enforceable rules when they bring new technologies, medicines, and creative works into foreign markets.

Today, I want to focus on the countries detailed in our full submission where those rules continue to fall short and where a country's inclusion on Special 301's list would set the groundwork for further U.S. engagement and hopeful improvement.

First, **China** should remain on the Priority Watch List due to broad and structural IP abuses. In the biopharmaceutical space, China has narrowed its definition of what counts as a "new drug" to medicines first approved in China. That puts U.S. innovators at a disadvantage and distorts decisions about where companies launch new treatments. China's patent linkage system also does not give innovators enough time to resolve patent disputes before generics or biosimilars enter the market.

Further, Chinese courts indicated a willingness to set global licensing rates for standard-essential patents, or SEPs, without the patent holder's consent. That practice would effectively allow others to use U.S. technology at a discount through the Chinese court system acting as an implementer of Chinese domestic industrial policy.

India should also remain on the Priority Watch List. India's patentability standard under Section 3(d) continues to limit protection for incremental pharmaceutical innovation. India also lacks a meaningful regulatory data protection framework, meaning U.S. companies shoulder more of the global cost of drug development. Patent enforcement concerns and patent litigation delays continue to persist there, too.

Mexico likewise belongs on the Priority Watch List. Despite clear commitments under the USMCA, Mexico lacks an effective patent linkage system and its system does not provide for effective notice to patent holders before generics or biosimilars enter the marketplace. Regulatory data protection also remains unclear and unreliable, leaving innovators exposed when they bring new medicines to the Mexican market.

C4IP recommends that **Brazil** be elevated to the Priority Watch List. Particularly concerning are its patent prosecution delays and the lack of a meaningful way to recover patent terms lost due to administrative backlogs.

Canada should remain on the Watch List. Canada's patent term extension and adjustment systems fall short of USMCA obligations. Effective price controls imposed through the Patented Medicine Prices Review Board weaken patent value, hurting innovation and American innovators. Canada's Online Streaming Act also raises serious concerns with its requirement that U.S. streaming services subsidize domestic content as a condition of market access.

The United Kingdom should be placed on the Watch List due to recent SEPs-related actions from its courts and indications that further regulation of standard-essential patents may be forthcoming, both of which seem poised to weaken patent rights and hurt innovators. Because many of these reforms are prospective and the UK remains a close U.S. trading partner, we are hopeful the UK will realign its SEP framework with market-based licensing principles, facilitating removal from the Watch List.

Finally, the **European Union**. Recent reforms to its general pharmaceutical legislation shorten regulatory data protection and tie protections to burdensome launch requirements. The EU has also moved toward broader compulsory licensing authority and policies that undermine market-based licensing of SEPs. The EU plays an outsized role in shaping global IP norms, so these choices will set global precedents. We therefore recommend that USTR elevate the EU to the Priority Watch List.

The Special 301 process is one of the most important tools the United States has to push back against these trends that hurt American innovators operating abroad. C4IP appreciates USTR's engagement and urges the Office to use this tool appropriately for the jurisdictions we have identified.

Thank you again for the opportunity to testify.