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Congress Attempts to Remove Ambiguity in Favor of Patent Holders

By Bijal Vakil

The basic building block of obtaining a patent starts with the determination of patent eligibility under § 101 of the Patent Act.[1] Section 101 states that "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" is patent-eligible. However, courts have long recognized certain "judicial exceptions" to this general rule of patent eligibility. In *Alice* and *Mayo*, the U.S. Supreme Court established the current test for "judicial exceptions," which states that claims directed to "a law of nature, natural phenomenon, or abstract idea" are not patent-eligible alone.[2] To clarify how patent examiners apply the *Alice/Mayo* test, the U.S. Patent and Trademark Office (USPTO) has issued several sets of guidance, including the "2019 Revised Subject Matter Eligibility Guidance."

Despite the USPTO's attempt to provide clarity, many have criticized the current state of patent eligibility for its lack of uniform guidance. In particular, critics have noted that district courts too often use *Alice* to invalidate patents on the pleadings, without consideration of the patent's claims or underlying technologies. On the other hand, attacking a patent through § 101 serves as a powerful tool in an alleged infringer's arsenal. Although the U.S. Court of Appeals for the Federal Circuit in *Aatrix* and *Berkheimer* has attempted to rein in over-dismissal of cases by recognizing underlying factual determinations in patent eligibility, critics have still called for more drastic reform.[3] The call for reform has led to movement within Congress to amend § 101 to provide more predictable, stable guidance on patent eligibility.

Current Congressional Attempts to Reform Patent Eligibility

The Senate Judiciary Committee recently held hearings about "The State of Patent Eligibility in America," focusing on potential reforms to § 101. The hearings centered on a recent draft bill released in May 2019 by Senators Chris Coons (D-DE) and Thom Tillis (R-NC), as part of a bipartisan effort to reform U.S. patent law starting with § 101. The bipartisan draft bill came after months of discussions with stakeholders, industry representatives, and individual inventors who aim to reform the patent eligibility law.

The draft bill proposed that (1) § 101 shall be construed in favor of eligibility; (2) no exception to subject matter eligibility, including abstract ideas, laws of nature or natural phenomena, shall

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be used to determine patent eligibility; and (3) the eligibility of a claimed invention should be determined without regard to any considerations related to § 102, 103 or 112. This bill would abrogate judicially created exceptions to § 101 and instead provide exclusive statutory categories of ineligible subject matter, such as "fundamental scientific principles; products that exist solely and exclusively in nature; pure mathematical formulas; economic or commercial principles; and mental activities." The hearings featured witnesses on both sides, divided between pro-reform witnesses and anti-reform witnesses, with a total of 45 witnesses over three days.

Pro-Reform Viewpoint

The pro-reform witnesses contended that the draft bill better encompassed the spirit and purpose of § 101 by reversing the *Alice/Mayo* decisions, which severely narrowed down subject matter eligibility. In doing so, the new statute would reaffirm the originally intended role of § 101 as an enabling provision in favor of eligibility. Some witnesses from the pro-reform side described the draft bill as "an impressive step toward untangling the Gordian Knot that the Supreme Court's patent eligibility decisions have become."[4] From the pro-reform viewpoint, the tests in *Alice* and *Mayo* have invoked extra-statutory policy concerns to justify narrowing the scope of patent-eligible subject matter. Additionally, pro-reformers argue that these judicially created exceptions have become overly subjective rules that cannot be accurately implemented, resulting in excessive challenges to the eligibility of many patents. Lastly, the pro-reformers asserted that the draft bill would be a meaningful step to eliminate the confusion and uncertainty in current patent eligibility jurisprudence.

Further, some witnesses argued that § 101 reform might also be beneficial to the United States' global competitiveness in business by re-incentivizing investment in research and development. These witnesses contended that current patent eligibility jurisprudence unfairly narrows patentability, making it particularly detrimental to the Unites States' competitiveness—especially since other large patent systems, such as those in China and the European Union, take a more expansive view of patentability.

Anti-Reform Viewpoint

On the other hand, anti-reform witnesses asserted that the draft proposal would permit overbroad patent eligibility, which could undermine scientific innovation and therefore reduce access to necessary technologies. For example, anti-reform witnesses argued that in the field of life sciences, lifesaving tests and treatments might not be developed due to patents on natural laws and products.

To counter the pro-reform witnesses' concerns regarding impediments to innovation, anti-reform witnesses contended that patents on natural laws and products have historically deterred, rather than advanced, important research. Anti-reform witnesses noted that previous patents on the tests for the BRCA 1 gene resulted in the developmental delay of improved tests by seven years. Similarly, anti-reform witnesses noted that patents on natural laws and products, as enabled by the draft legislation, might increase the cost of research and subsequently inhibit the availability of healthcare in the United States. Moreover, anti-reform witnesses asserted that the pro-reform analysis on global business competitiveness does not factor into account that a majority of new patents are issued to foreign companies.

The USPTO's revised guidance on patent eligibility went into effect on January 7, 2019.

The USPTO's revised guidance on patent eligibility went into effect on January 7, 2019. Many viewed the guidance as providing clarity to examiners on the current jurisprudence of patent eligibility. However, uncertainty surrounding patentability has not diminished, both at the PTO and at the trial court level. After issuance of the new guidance, PTO Director Andrei Iancu called patent eligibility "the most important issue of substantive patent law" that "must be addressed now." For supporters, the draft bill represents an attempt to eliminate the barriers within the new guidance. For opponents, the draft bill represents a drastic alteration of patent law, contrary to scientific norms and technological innovation. Either way, the bipartisan and bicameral support for the draft bill signals that significant reforms to § 101 might soon be

underway, and that these reforms must be taken into account in any patent litigation strategy.

Notes

1. 35 U.S.C. § 101.
2. Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. 208 (2014); Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66 (2012).
3. Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121 (Fed. Cir. 2018); Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018).
4. Hearing on the State of Patent Eligibility in America: Part II Before the Subcomm. on Intellectual Property, 116 Cong. 11 (2019) (Statement of Barbara A. Fiacco).