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New Patent Eligibility Bill Takes Aim at High Court Inaction (1)
Samantha Handler and Riddhi Setty
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Muddled case law around what ideas shouldn't be eligible for patent protection would be clarified under a new bill that follows US Supreme Court inaction on a controversial intellectual property issue, according to Sen. Thom Tillis (R-N.C.).

Mathematical formulas, mental processes, unmodified human genes, and processes that occur only in nature are among the types of inventions that wouldn't be eligible under the Patent Eligibility Restoration Act (S. 4734), which Tillis introduced Tuesday night. Patent eligibility determinations would also be made based on the patent as a whole, rather than by parsing certain claim elements, according to the legislation.

Attorneys are optimistic about this step to solve long-standing confusion regarding Section 101 of the Patent Act. Some stakeholders, however—including the American Civil Liberties Union, who blasted the bill as paving the way to patenting modified human genes—are balking at the potential consequences if the language remains unchanged.

"Everybody has been clamoring for more clarity in patent eligibility," said Michelle Armond, a founding partner at Armond Wilson LLP, "It would really upend patent law."

Defining what kinds of inventions don't meet the requirements of Section 101 of the Patent Act would provide long-awaited guidance after the Supreme Court's 2014 decision in *Alice Corp. v. CLS Bank International*. The high court and the US Court of Appeals for the Federal Circuit haven't been able to provide guidelines or definitions for terms like "abstract ideas," which *Alice* says can't be patented.

The Supreme Court most recently declined to revisit its divisive eligibility test in June, refusing to overrule a "bitterly divided" Federal Circuit, which deadlocked in finding that a method for manufacturing quieter driveshafts wasn't eligible for a patent.

"Unfortunately, due to a series of Supreme Court decisions, patent eligibility law in the United States has become confused, constricted, and unclear in recent years," Tillis said in a press release. "This has led to inconsistent case decisions, uncertainty in innovation and investment communities, and unpredictable business outcomes."

'New Concept'

Creating a specific list of exceptions to Section 101 would address concerns regarding burdensome eligibility constraints, Tillis said.

The bill's nontechnological inelgibility standards represent "an important new concept," said David Kappos, a partner at Cravath, Swaine & Moore LLP and the former US Patent and Trademark Office director. "It'd be the first time that concept's existed in our country's patent law in Section 101."

The bill would expand the eligibility of patents in the software and life sciences industries, which have been particularly vulnerable to Section 101 attacks in the patent office's Patent Trial and Appeal Board and in federal court.

"[T]he USPTO is working to update guidance for patent examiners and PTAB judges," the office wrote in a statement. "We look forward to working with Congress and our stakeholders toward our shared goal of providing more reliable and predictable rights that foster innovation."

Stakeholder Pushback

The bill would create more harm than good in certain industries, some attorneys say.

Corporations could gain proprietary access to research, development, and analysis involving human genes, according to an emailed statement from the ACLU on its opposition to the legislation.

The ACLU in 2009 sued Myriad Genetics Inc., challenging the validity of gene patents. The Supreme Court held that merely isolating genes doesn't make them patentable. Tillis' bill would allow patents for genes that are isolated or "otherwise altered by human activity," according to the text of the measure.

The legislation may restrict generic drugmakers from entering the market, said Charles Duan, senior policy fellow at the American University Washington College of Law's Program on Information Justice and Intellectual Property.

The measure's language could also expand eligibility to the point that technology companies—particularly startups—may face an onslaught of new patents that they could be accused of infringing, Duan said.

"The Patent Eligibility Restoration Act would open doors to the type of weak, overbroad patents that preempt innovation and harm competition," Kate Tummarello, Executive Director of Engine Advocacy, a non-profit association for start-up companies, said in a statement.

What's Next

Tillis previously floated a draft framework for an overhaul of Section 101 in 2019. His new bill is the first legislation he's introduced that would address the matter.

"As is the case with substantive patent litigation, it tends to take some time," Kappos said. "So, do I think we're going to see this legislation passing in the next few months? No."

Kappos is optimistic, though, saying that despite the need for further refinement, the bill is "a balanced piece of legislation" that might advance as soon as next year.

To the contrary, said Scott Hejny, a principal attorney at McKool Smith, it could be years before the bill's fate is determined, due to industry pushback and negotiations.

Whether the bill will pass is the "$64,000 question" on everyone's mind, he said.

Sen. Patrick Leahy (D-Vt.), who leads the Senate Judiciary Intellectual Property Subcommittee, didn't immediately respond to a request for comment on whether he supports the legislation. Tillis is the panel's top Republican.

"As we've seen in the past, when any sort of patent reform bill comes through, unless there's unanimous support, that type of legislation can quickly dwindle and wither away before anything effective gets passed," said Hejny.

If the legislation is enacted, it will once again be up to the courts to interpret what patents will actually be allowed, Duan said.

"When you have legislation that basically wipes the slate clean, it's hard to tell what that it would end up being," Duan said. "The Federal Circuit could end up interpreting it very broadly in ways that allow for all sorts of patents."

(Updated with additional reporting throughout.)