Can Congress Create Order from 101 Chaos?

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Ever since the U.S. Supreme Court issued its opinions in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*[1], *Association for Molecular Pathology v. Myriad Genetics, Inc.*[2], and *Alice Corporation Pty. Ltd. v. CLS Bank International*[3], the U.S. Patent and Trademark Office (USPTO), the Court of Appeals for the Federal Circuit, and the public at large have grappled with understanding the metes and bounds of patent subject matter eligibility. The USPTO has done its best to issue guidelines and illustrative examples for patent examiners and patent applicants to follow in order to obtain the broadest patent protection consistent with Supreme Court precedent.

It is interesting that despite the admonitions explicitly stated in these cases to not overly broadly apply the holdings of those cases[4,5,6,7], these highly fact-specific holdings have indeed been broadly applied across technologies, essentially creating chaos in the U.S. patent system.

The effects of this overly broad application are far-reaching, including discouraging foreign entities from pursuing patent protection in the U.S., and discouraging the investment in research by U.S. entities that would no longer be entitled to the reward of a limited period of protection for potentially life-enhancing, if not life-saving inventions. The stifling of American innovation seems particularly contrary to the goals of the current administration.

Moreover, the overly broad application of these cases could also be considered a violation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), which defines the minimum standards for intellectual property rights in over 170 countries. TRIPs requires that:

> *…patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application… patents shall be available and patent rights enjoyable without discrimination as to the place of*

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> *invention, the field of technology and whether products are imported or locally produced.*

Article 27(1).

While the Federal Circuit has incorporated into recent decisions a plea to the U.S. Congress to legislatively deal with the chaos the Supreme Court cases have created[8,9], it has in recent cases declined to review the eligibility of claims in accordance with the USPTO's guidelines and examples[10]. In *Cleveland Clinic Foundation v. True Health Diagnostics, LLC* (*Cleveland Clinic II*)[11], the Federal Circuit declined to consider a claim's similarity to Example 29 of the USPTO's eligibility guidance, but rather considered the claim to be "strikingly similar" to the claim found by the Federal Circuit to be ineligible in *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*[12]

In similar fashion, in *ChargePoint, Inc. v. SemaConnect, Inc.*[13], the Federal Circuit found that an apparatus incorporating a control device, a transceiver and a controller was merely an abstract idea because it was based upon "communicating requests to a remote server and receiving communications from that server, i.e., communication over a network." Indeed, the Federal Circuit appeared to ignore the fact that the claim was directed to an apparatus (i.e., a "new and useful machine" under 35 U.S.C. § 101), and did not "evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception." It has been suggested that:

> Based on the *Chargepoint* decision, inventors, business leaders and attorneys cannot, or should not, rely on the USPTO's new 101 guidance. Unfortunately, with this decision, the guidance is now worthless.[14]

There are members of the U.S. Congress who appear to be cognizant of the need to deal with the uncertainties relating to 35 U.S.C. § 101 in view of these Supreme Court cases. During the 115th Congress, 2d Session, a bill (HR 6264) was introduced by Representatives Thomas Massie (R-KY, 4th dist.) and Marcy Kaptur (D-OH, 9th dist.), that proposed numerous changes to effectively reverse much of the Obama-era America Invents Act ("AIA"), and sought to amend 35 U.S.C. § 101, in similar fashion to proposals by Intellectual Property Owners (IPO), American Intellectual Property Law Association (AIPLA) and New York Intellectual Property Law Association (NYIPLA). These proposals sought to: (1) define specific exceptions to patent eligibility "if and only if the claimed invention as a whole (i) exists in nature independently of and prior to any human activity or (ii) is performed solely in the human mind"; and (2) make clear that the eligibility of a claimed invention "shall be determined without regard to: (1) the requirements or conditions of sections 102, 103, and 112 of [35 U.S.C.]…"[15]

On April 17, 2019, Senator Thom Tillis (R-NC), Chair of the Senate Judiciary Subcommittee on Intellectual Property, Senator Chris Coons (D-DE), Ranking Member, Representative Doug Collins (R-GA-9), Ranking Member of the House Judiciary Committee, and Representatives Hank Johnson (D-GA-4), and Steve Stivers (R-OH-15), released a "bipartisan, bicameral framework on Section 101 patent reform."[16] Senator Tillis noted:

> Senator Coons and I requested to reinstate the Senate Judiciary Subcommittee on IP because we saw a need to reform our nation's complicated patent process, starting with section 101.

Id.

> Senator Coons added:
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> Today, U.S. patent law discourages innovation in some of the most critical areas of technology, including artificial intelligence, medical diagnostics, and personalized medicine.

Id.

> And Representative Collins concluded:
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> Upgrading the patent eligibility test is critical if we want American innovation to continue to lead worldwide.

Id.

> The framework proposes:
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> DRAFT OUTLINE OF SECTION 101 REFORM

- Keep existing statutory categories of process, machine, manufacture, or composition of matter, or any useful improvement thereof.
- Eliminate, within the eligibility requirement, that any invention or discovery be both "new and useful." Instead, simply require that the invention meet existing statutory utility requirements.
- Define, in a closed list, exclusive categories of statutory subject matter which alone should not be eligible for patent protection. The sole list of exclusions might include the following categories, for example:
  - Fundamental scientific principles;
  - Products that exist solely and exclusively in nature;
  - Pure mathematical formulas;
  - Economic or commercial principles;
  - Mental activities.
- Create a "practical application" test to ensure that the statutorily ineligible subject matter is construed narrowly.
- Ensure that simply reciting generic technical language or generic functional language does not salvage an otherwise ineligible claim.
- Statutorily abrogate judicially created exceptions to patent eligible subject matter in favor of exclusive statutory categories of ineligible subject matter.
- Make clear that eligibility is determined by considering each and every element of the claim as a whole and without regard to considerations properly addressed by 102, 103 and 112.

The Senators and Representatives encourage stakeholders to email IntellectualProperty@tillis.senate.gov with comments.

In view of these recent developments, practitioners should be aware that claims found to be subject-matter eligible in the USPTO in accordance with the USPTO's guidance may not withstand challenge at the Federal Circuit. While the introduction of changes to 35 U.S.C. § 101 could, on the one hand, lead to greater clarity, providing what appear to be "bright line" exclusions in the statute could provide statutory authority for continuing the overly broad application of Supreme Court precedent.

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[1] 566 U.S. 66, 132 S. Ct. 1289, 101 U.S.P.Q.2d 1962 (2012).
[2] 569 U.S. 576, 133 S. Ct. 2107, 106 U.S.P.Q.2d 1972 (2013).
[3] 573 U.S. 208, 134 S. Ct. 2347, 110 U.S.P.Q.2d 1976 (2014).
[4] "Courts and judges are not institutionally well suited to making the kinds of judgments needed to distinguish among different laws of nature." *Mayo*, 132 S. Ct. at 1303.
[5] "And studiously ignoring *all* laws of nature when evaluating a patent application under §§ 102 and 103 would 'make all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, make their implementation obvious.'" *Mayo*, 132 S. Ct. at 1304, citing *Diamond v. Diehr*, 450 U.S. 175, 189 n.12 (1981).
[6] "In consequence, we must hesitate before departing from established general legal rules lest a new protective rule that seems to suit the needs of one field produce unforeseen results in another. And we must recognize the role of Congress in crafting more finely tailored rules where necessary. Cf. 35 U.S.C. §§ 161–164 (special rules for plant patents). We need not determine here whether, from a policy perspective, increased protection for discoveries of diagnostic laws of nature is desirable." *Mayo*, 132 S. Ct. at 1305.
[7] "The rule against patents on naturally occurring things is not without limits, however, for 'all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,' and 'too broad an interpretation of this exclusionary principle could eviscerate patent law.' 566 U.S. at ___, 132 S.Ct., at 1293. As we have recognized before, patent protection strikes a delicate balance between creating 'incentives that lead to creation, invention, and discovery' and 'imped[ing] the flow of information that might permit, indeed spur, invention.' Id., at ___, 132 S.Ct., at 1305. We must apply this well-established standard to determine whether Myriad's patents claim any 'new and useful . . . composition of matter,' § 101, or instead claim naturally occurring phenomena." *Myriad*, 133 S. Ct. at 2116, citing *Mayo*, 132 S. Ct. 1289.
[8] "However, I believe the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems." Concurrence by Judge Lourie, joined by Judge Newman in *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1360 (Fed. Cir. 2018) as well as in *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018).
[9] "When the lawyers and judges bring to the Supreme Court a shared belief in the uselessness of the abstract notion of 'abstract ideas' as a criterion for patent eligibility, we can hope that the Court will respond sensibly. In light of the statutory criteria for patent validity established in the Patent Act, there is no need, and indeed no place in today's patent law, for this abstract (and indefinable) doctrine. Something as simple as a declaration by the Court that the concept of 'abstract ideas' has proven

unworkable in the context of modern technological patenting, and adds nothing to ensuring patent quality that the statutory requirements do not already provide, would remove this distraction from the salutary system of patent issuance and enforcement provided by the Congress in the 1952 Patent Act. The problem with hoping for this solution is that there is no particular incentive for the Supreme Court to immerse itself again in this intellectual morass. The Court, unlike this court, is not called upon daily to address the consequences of an incoherent doctrine that has taken on a life of its own. It will take a special effort by the judges and the patent bar to gain the Court's attention. Failing that, a legislative fix is a possibility, though waiting for that may be the ultimate test of patience." Judge Plager, concurring-in-part and dissenting-in-part in *Interval Licensing LLC v. AOL, Inc.*, 896 F.2d 1335, 1355 (Fed. Cir. 2018).

[10] In its most recent guidance (2019 Revised Patent Subject Matter Eligibility Guidance published in the Federal Register at 84 Fed. Reg. 50 on January 7, 2019), the USPTO sought to further clarify the metes and bounds of subject matter eligibility by providing three groupings of "abstract ideas" that would be exceptions to patentable subject matter, and also to require examiners to "evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception."

[11] No. 2018-1218, 2019 WL 1452697 (Fed. Cir. Apr. 1, 2019) (non-precedential).

[12] 788 F.3d 1371 (Fed. Cir. 2015).

[13] No. 2018-1739, 2019 WL 1388304 (Fed. Cir. Mar. 28, 2019).

[14] https://www.ipwatchdog.com/2019/04/02/federal-circuit-just-swallowed-patent-law-chargepoint-v-semaconnect/id=107917/

[15] https://www.ipo.org//wp-content/uploads/2018/06/IPO-AIPLA-Ltr-to-Iancu-re-Joint-101-Proposal.pdf

[16] https://www.tillis.senate.gov/public/index.cfm/press-releases?ID=B521846C-594A-46BE-B17A-0E11393D23AD