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Senate Hearing on "The State of Patent Eligibility in America": Analysis of Viewpoints on Looming Section 101 Change

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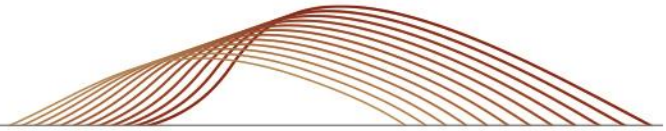
Earlier this month, the Senate Judiciary Subcommittee on Intellectual Property held three hearings on "The State of Patent Eligibility in America." Led by Chairman Tillis and Ranking Member Coons, the subcommittee solicited feedback on a draft bill, released on May 22, 2019, that would revise § 101 of the Patent Act. In total, the subcommittee heard testimony from a diverse group of 45 witnesses, including academic scholars, bar associations, trade associations, companies, and other stakeholders.

Supporters of § 101 reform applauded the subcommittee's proposed changes to abrogate all judicially created eligibility doctrine and to clarify the distinction between § 101 patent eligibility inquiries and §§ 102, 103, and 112 patentability inquiries. Conversely, opponents of any § 101 change cited concerns over gene patents and the broad abrogation of patent eligibility case law. Opponents also expressed concern about the consequences that the law may have on the patent litigation process, discussing the important role that § 101 motions currently play in early litigation resolution. At the conclusion of the hearings, Senator Tillis acknowledged the need to refine the proposed changes to §§ 101 and 112 as the bipartisan, bicameral group of legislators work on drafting the final bill. A final bill can be expected to be introduced sometime after the July 4th congressional recess.

Key Provisions of the Current Draft Bill

In an effort to address the patent subject matter eligibility controversy, the draft bill proposes changes to 35 U.S.C. §§ 101 and 112. Placing greatest emphasis on § 101, the proposed bill divides § 101 into two paragraphs. In § 101(a), the draft bill removes the term "new" from the current statutory language that states, "Whoever invents or discovers any *new* and useful process, machine, manufacture or composition of matter." In § 101(b), the draft bill adds that eligibility "shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation." Another core change to § 101 involves the term "useful," which is defined in § 100(k) of the draft bill, a new addition to the definition section of the Patent Act. Moreover, the draft bill proposes three additional legislative provisions in support of the new § 101, including one that abrogates "all cases establishing or interpreting [judicially created] exceptions to eligibility." The other additional provisions remove considerations relating to §§ 102, 103, and 112 from the subject matter eligibility analysis and require that the § 101 provisions be "construed in favor of eligibility."



The draft bill would also amend § 112(f) to read, "An element in a claim *expressed* as a specified function without the recital of structure, material, or acts in support thereof shall be construed to cover the corresponding structure, material or acts described in the specification and equivalents thereof", replacing the current statutory language that states, "An element in a claim *for a combination may be expressed as a means or step for performing* a specified function without the recital . . . ." The intent behind the changes to § 112 is likely to limit the interpretation of overly broad or vague functional claims to the scope supported by the disclosure.

Key Arguments by Bill Supporters

Proponents of § 101 change spoke extensively about the challenges and issues arising from the current state of patent eligibility case law and stressed the need to enact changes. In particular, many witnesses stressed how the lack of certainty in current patent eligibility law has impacted investment in research and innovation. Several witnesses also compared patent eligibility law in the U.S. with other jurisdictions, noting differences in the patent eligibility of life sciences, biotechnology, and informational technology innovations. Former Federal Circuit Chief Judge Paul R. Michel remarked that, "If I, as a judge with 22 years of experience . . . cannot predict outcomes based on case law, how can we expect patent examiners, trial judges, inventors and investors to do so?"

Many proponents also expressed support for the proposed language in the draft bill. The language supported by proponents included the deletion of the term "new" in § 101(a) as well as the abrogation of all judicially created eligibility doctrine in the additional legislative provisions. Specifically, the deletion of the term "new" was supported on grounds that it would reduce the conflation of § 101 patent eligibility inquiries and §§ 102, 103, and 112 patentability inquiries.

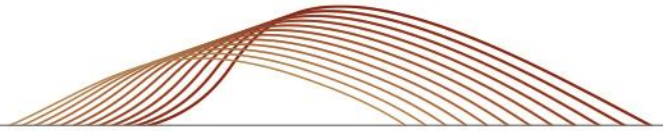
Key Arguments by Bill Opponents

Those opposing change expressed concern about the draft bill's potential impact on pretrial dispositive motions based on § 101 that currently facilitate early litigation resolution. Other witnesses strongly urged Congress to retain the current eligibility test on grounds that it "appropriately limits protection to technological inventions by enforcing the long-standing and well-founded rule against patenting abstract ideas." Although several witnesses expressed concern over the possibility of "gene patenting," Senators Tillis and Coons rejected their concerns, stressing that the bill will not allow "a company to patent a gene as it exists in the body." Senator Coons also stated that the senators do not intend the proposed changes to overturn that particular holding in *Ass'n for Molecular Pathology v. Myriad Genetics*, *Inc.*, 569 U.S. 576 (2013).

Several witnesses also suggested alternative solutions to the current § 101 issues, including the possibility of expanding USPTO proceedings and extending greater deference to USPTO guidance. Other witnesses such as David W. Jones, the executive director of the High Tech Inventors Alliance (HTIA), called for more narrowly tailored reform that preserves the system for stakeholders advocating for status quo.

Concerns over Proposed Language

Although much of the testimony focused on the current state of the American patent system, many witnesses also provided direct commentary on the proposed language of the draft bill. Key testimony included discussion over the proposed definition of "useful" in § 100(k), which many thought lacked clarity and definiteness. Several witnesses, including former USPTO director Todd Dickinson, suggested the use of "specific and substantial" over "specific and practical." Similarly, many witnesses expressed concern over perceived ambiguity of the terms "technology" and "human intervention"



in § 100(k), including whether the subcommittee intends to incorporate the European Patent Convention approach to the term "technology."

Many witnesses on both sides of the debate also criticized the changes to the § 112(f) language in the draft bill. In particular, several witnesses raised concerns about the burden that drafters and inventors will face from having to enumerate every way of carrying out every step of a claimed method under the new § 112(f). Others felt it unnecessary to make any changes to § 112(f) while a few witnesses felt them to be overbroad. There were also some who supported the changes made to § 112(f) on grounds that it would "assure proportionality" and eliminate a source of "unnecessary confusion in the construction of patent claims." Notably, Mark A. Lemley from Stanford Law School supported the changes made to §112(f) indicating the proposed amendment will prevent patentees from claiming inventions that are too abstract. According to Prof. Lemley, it would limit abstract claims to particular technology disclosed within the written description of the patent itself.

Conclusion

The wide variation in viewpoints and concerns expressed over the three senate hearings underscore the challenge that Senators Tillis and Coons and Representatives Collins, Johnson, and Stivers face as they work to finalize their bill. In his closing remarks, Senator Tillis acknowledged the need to further refine the changes to §§ 101 and 112 in the draft bill and suggested the adoption of a broader experimental use exception. Changes to the draft bill are expected to be swift with a final bill expected to be introduced sometime after the July 4th congressional recess.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

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