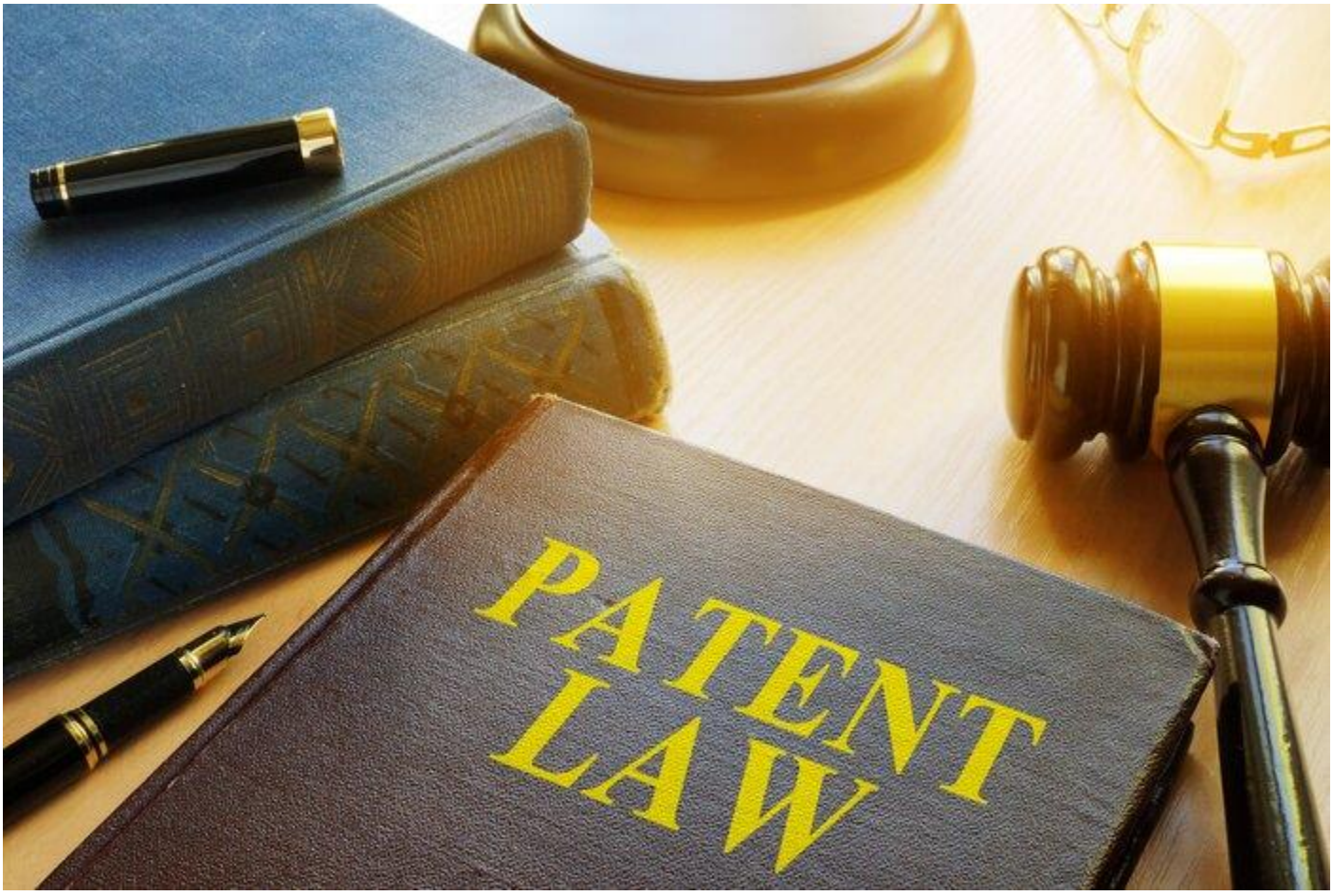
Senators Hear Praise And Worry About Patent ‘101 Eligibility Bill

By Ryan Davis · Listen to article

Law360 (January 23, 2024, 10:17 PM EST) -- Proponents of a bill aiming to overhaul patent eligibility law said at a hearing Tuesday that it would spur innovation and eliminate confusion about what can be patented, while critics expressed concern that it would allow patents on concepts that everyone should be free to use.



The Patent Eligibility Restoration Act would eliminate the broad categories the U.S. Supreme Court has said are not eligible for patents: abstract ideas, natural phenomena and laws of nature. Instead, it would hold that most useful processes, machines, manufactures or compositions of matter are patent-eligible, with some exceptions. (iStock.com)

The hearing was the first on the Patent Eligibility Restoration Act, introduced last year by Sens. Chris Coons, D-Del., and Thom Tillis, R-N.C. They touted the measure as the only way to address what they called unwarranted restrictions imposed by the U.S. Supreme Court on which inventions are eligible for patents.

The bill would eliminate the broad categories the court has said are not eligible for patents: abstract ideas, natural phenomena and laws of nature. Instead, it would hold that most useful processes, machines, manufactures or compositions of matter are patent-eligible, with some exceptions.

Coons, the chair of the Senate Judiciary Committee's intellectual property subcommittee, said at the hearing that the high court's patent eligibility rulings since 2010 have meant that "fewer inventions are patent-eligible in the United States," particularly in emerging fields like medical diagnostics and artificial intelligence.

The Supreme Court's standard risks driving innovation and investment elsewhere and "is also quite difficult for judges to apply with any degree of certainty," Coons said.

Tillis, the committee's ranking member, said "I don't always believe the best fix is a legislative fix, but I think we reached a point where legislation is needed." Eligibility law has become "confused, constricted and unclear," he said, and the Supreme Court has denied dozens of petitions seeking greater clarity about patent eligibility.

Most of the eight witnesses at the two-hour hearing spoke in favor of the legislation, including former U.S. Patent and Trademark Office Director Andrei Iancu, now a partner at Sullivan & Cromwell LLP.

He said in the 18th century, Congress defined inventions that can be patented, like machines and compositions of matter, and the current confusion arises in part because courts struggle to determine if modern inventions fit into those categories.

"Congress defined the categories of invention that are eligible for a patent. If there are to be exceptions to those categories, they must likewise come from Congress," rather than being created by the courts without public debate, Iancu said.

Philip Johnson, chair of the steering committee of the Coalition for 21st Century Patent

Reform, said "the law of patent eligibility in this country now is indeed a mess. No one involved knows in any given situation whether the invention will be eligible or not eligible."

That is because every invention relies to some degree on natural phenomena and laws of nature, said Johnson, whose group represents companies including 3M, Eli Lilly and Boeing. He pointed to decisions finding that car driveshafts and medical diagnostic tests are not patent-eligible.

Johnson urged the lawmakers to pass the Patent Eligibility Restoration Act "so inventors and others can understand what kinds of inventions will be eligible, and so that they know where to put their time and effort and where it will be rewarded," he said.

Mark Deem of Lightstone Ventures, which invests in biotech and medical technology companies, noted that most judges on the Federal Circuit said in a 2019 decision that patent eligibility law needs more clarity.

"If these experts are confused, imagine the uncertainty this is creating for us, the engineers, researchers and physicians down here doing the inventing, and for the investors that support us," he said.

Opponents of the legislation maintained that the current rules are clear, and the proposed revisions would allow basic scientific concepts to be locked up under patent protection.

The genetic testing company Invitae Corp. is concerned that the bill "would stifle innovation and harm patient care in the fields of diagnostic genetic testing and precision medicine," an attorney for the company, Richard Blaylock of Pillsbury Winthrop Shaw Pittman LLP, told the panel.

The bill would allow genetic biomarkers associated with specific diseases to be patented, letting companies that make such discoveries charge others to make use of them, he said. The patent system "should permit the protection of inventions" such as new therapies, "but not mere discoveries of information," he said.

Pushing back on Blaylock's view, Courtenay Brinckerhoff of Foley & Lardner LLP said it "underestimates the inventive contribution" of finding a new gene with a new function, which she said is "an inventive act that warrants patent protection."

Another critic of the bill, David Jones, executive director of the High Tech Inventors Alliance, suggested that the measure "could make almost any human activity patent-eligible, and that's of deep concern to us." He pointed to language in the bill that would bar patents on processes that can be described using terms like economic, social or cultural, unless they cannot be performed using a machine or manufacture.

Jones, whose group represents Google, Amazon and Intel, said that language "could be gamed" to allow patents on anything that is done on a computer, as well as permitting behavior like football plays and marriage proposals to be patented.

That led another former USPTO director, David Kappos of Cravath Swaine & Moore LLP, to dismiss the idea that the bill would allow such patents. He said "it's absolutely terrible policy" to guide patent law "by reducing our discussion to trivial, silly examples."

If there are concerns about how particular patents would be analyzed under the law, "that's a perfect place for those who are concerned to now finally come to the table and make their specific suggestions in order to improve the legislation," Kappos said.

The Patent Eligibility Restoration Act renews an effort to overhaul the proposal by Coons and Tillis dating to 2019, when they held three days of hearings about patent-eligibility and presented a discussion draft of possible revisions, but did not introduce formal legislation.

Tillis told the speakers on both sides Tuesday that "these hearings are good data points, but they're not where most of the work gets done" and invited them to continue sharing their suggestions and critiques about what the legislation should look like.

"I don't want to impede any successful business that seems to think that the status quo is acceptable," he said. "But by the same token, I do believe that we want to make sure that we modernize the system and provide certainty and clarity, so that we have more inventions, more creators, and we maintain and reinforce our leadership position globally."

Sen. Mazie Hirono, D-Hawaii, said the Supreme Court has "really created a mess relating to patent eligibility, and the hope is that this legislation will provide some level, or a lot, of predictability to the patent system."

--Editing by Michael Watanabe.