Why The Patent ‘101 Eligibility Restoration Act Can Spur Progress

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Law360 (June 27, 2024, 3:08 PM EDT) --

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The table is now set, legislatively, to make quick progress on revitalizing our patent system.

Broad technical fields — computer methods and medical diagnostics — have been excluded from patenting for the last decade, but that could change if the Patent Eligibility Restoration Act is passed. It is nearer to the threshold of making that leap than at any time since 2015.

In late May, PERA had at last reached the markup phase, which means a positive committee vote is likely. The collective hope is that the respective U.S. House and Senate committees wrap up their present work on the legislation and pass it along to the full body. But, why should we care?

"Why does 'patent eligibility' — whatever that is — need restoration, and why does it matter?" This is the kind of feedback most patent folks receive when they raise this topic, or almost any patent-related topic, to a layperson. "Aren't patents the province of Nobel winners and other geniuses like Edison, Bell, Fermi, Tesla, etc.? What difference does it make to me?"

As far as they know, no politician has ever prevailed or failed owing to anything to do with patents; hence, it must be irrelevant. Yet to practitioners and active inventors within the field, it seems the patent system is subject to almost daily challenge in its operation, longevity and economic effect.

Without a fix — and soon — the U.S. will continue to lose its technical advantage in many fields.

For over a decade, patent practitioners have wrestled with the effects of U.S. Supreme Court decisions that have muddied the waters of what can be patented. The PERA can change that, and even those not involved with patents on a day-to-day basis now have the opportunity to help get this act passed.

How do we effectively communicate this to those beyond our patent pond? We, alas, are not the decision-makers who determine the fate of the system each of us has come to know, respect and work within.

Rather, that fate is in the hands of the politicians and policymakers who do not have the deep understanding and knowledge of the patent system that they perhaps ought to have, yet that is just the way our system works. Let's start at the beginning.

When the U.S. Constitution was being written, debated and ratified, the simple notion that economic growth depended on the incentive of the participants was the steam behind the inclusion of a patent system in our nascent country.

In a transoceanic letter-writing debate, Thomas Jefferson and James Madison concluded that an incentive like the right of exclusivity to one's own creations for a limited time would be the prod necessary to bring talent from the old country to the new one, and set in motion the knock-on effects that such investment and commerce would entail.

The Patent Act was Congress' third-ever act. Let that sink in. It had a broad effect and ruled that nothing was out of bounds in terms of the subject matter on which a patent could be obtained.

In Diamond v. Chakrabarty in 1980, the Supreme Court affirmed that "anything under the sun modified by man" could be the subject of a patent. This was reaffirmed by the U.S. Court of Appeals for the Federal Circuit in its 1998 decision in State Street Bank & Trust Co. v. Signature Financial Group Inc. that included software in patent eligibility.

However, since that time, the Supreme Court has backtracked and confused the issue of what can be patented.

A series of decisions, beginning with Bilski v. Kappos in 2010 and continuing through Mayo Collaborative Services v. Prometheus Laboratories Inc. in 2012, Association for Molecular Pathology v. Myriad Genetics Inc. in 2013, and Alice Corp. v. CLS Bank International in 2014, threw patent eligibility into disarray.

As a result, the patent community generally agrees that the system must be restored legislatively via PERA. The fix is now beyond what the courts or bureaucratic rulemaking can accomplish.

PERA has been knocking around in one form or another on Capitol Hill since shortly after the Alice decision. The wording of that decision itself even warned that these court-made exceptions to patent eligibility risked swallowing all of patent law.

Indeed, that appears to have happened. Entire fields of endeavor, like medical diagnostics and computer-implemented methods, have been largely swept away. Thus, PERA has steadily been gaining traction and bipartisan support, and has finally broken into the markup phase of its legislative journey. Input at this point in the process will help push the act over the finish line.

PERA resets patentability back to before the U.S. Supreme Court's Bilski v. Kappos in 2010, while preserving some commonsense patent-eligibility exceptions to prevent the patenting of truly abstract ideas, basic business ideas, purely economic ideas, and products and processes wholly within nature — unmodified human genes — and math formulas.

Hence, we return to the "anything under the sun modified by man" standard set forth in Diamond v. Chakrabarty. That's it. The doors will once again be flung open at the U.S. Patent and Trademark Office, just as Jefferson and Madison intended.

In the interim, inasmuch as there is a good likelihood that PERA in one form or another will be passed fairly soon, and the time frame from the filing of a patent application to examination and issuance is roughly three years, now is the time for inventors, innovators and patent practitioners to "prime the pump."

Start writing and filing applications that take into account the adjustments PERA will make. Bear in mind that already over 60% of all innovation presented to the USPTO has some aspect of software in it and, when PERA passes, that number will jump higher.

Plus, purely software-implemented methods — hello fintech and artificial intelligence — will once again be back on the table.

By the time the USPTO examines these recast and reimagined applications, the pre-PERA subject matter restrictions will have been removed. This will more closely align the U.S. patent system with those of other nations around the world. This is especially true regarding software and perhaps even broader coverage when related to life-saving drug and therapy aspects of what can be patented.

So start capturing and submitting qualifying innovations now. Waiting will only give an advantage to would-be competitors and potentially handicap the prospects of U.S. businesses.

Now is the time to begin the innovative future that today's patent filings will bring us. Contact your representative today.

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