Lawyers Hail USPTO's Bid to Resolve Patent Eligibility Muddle

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[Link]

IP lawyers have welcomed the US Patent and Trademark Office's (USPTO) call for comments on patent eligibility laws in the wake of concerns that controversial rulings over the past decade have negatively affected innovation.

In a notice released on Friday, July 9, the office confirmed that it will ask a variety of stakeholders to weigh in on interpretations of Section 101 of the Patent Act.

The development follows a call from lawmakers to address issues surrounding patent eligibility, following the uncertainties stemming from the US Supreme Court's decisions in *Alice Corp v CLS Bank International* (2014) and *Mayo Collaborative Services v Prometheus Laboratories* (2012).

These rulings held that "laws of nature, natural phenomena, and abstract ideas" are not eligible for patent protection, rendering thousands of patents invalid.

In March, Senators Thom Tillis, Mazie Hirono, Tom Cotton, and Christopher Coons requested a report on how these decisions may have affected US investment and innovation, particularly in technologies such as quantum computing, artificial intelligence, precision medicine, diagnostic methods, and pharmaceutical treatments.

According to lawyers, this action forms part of a broader push for the USPTO to address the fundamental question of what subject matter can and cannot be patented and to break down what questions remain following the establishment of the *Alice/Mayo* framework.

According to Haynes and Boone partner Vera Suarez, the USPTO tried to tackle patent eligibility issues when it released its updated guidance in 2019, but the courts have failed to follow it.

"Instead, the courts seem to be making it more difficult to prove patent eligibility. The comments received will probably reflect what patent practitioners already know, which is that the *Alice/Mayo* framework has resulted in increased uncertainty and cost surrounding certain types of patent applications," she explained.

'Absolutely dreadful' patenting climate

Courtland Merrill, partner at Saul Ewing Arnstein & Lehr, welcomed the development and decried the present climate around patent eligibility for inventors as "absolutely dreadful".

"Clients come to patent litigators like me with e-commerce patents that they own, that they paid money to patent lawyers to obtain, which the USPTO issued as patents, but there is little you can do for them. If a patent owner sues an infringer on an invention relating to a business method or e-commerce, federal courts frequently find the patent is invalid," he argued.

To support his stance, Merrill pointed to the *Solutran v US Bank* (2019) in which the Federal Circuit invalidated the entire patent held by Solutran based on *Alice* despite it being upheld by a federal jury in Minnesota.

"If this doesn't change, big-tech companies such as Google, Apple and Amazon, won't have to pay small inventors, innovators and start-ups for use of their technology. Simple as that," he warned. "Even though the economy has shifted to dependence upon the internet and software as everyone is working remotely, patent protection for anything e-commerce related is almost valueless."

These sentiments were echoed by Nick Matich, principal in McKool Smith's IP practice group. He pointed out that in the past three years, the Federal Circuit had invalidated patents on a garage door opener, an electric vehicle charging station, a method of manufacturing a drive shaft, and a camera on the basis that they were all "abstract ideas" under *Alice*.

"These kinds of outcomes demonstrate the confusion and unpredictability that are damaging the US IP system and innovation. Some of the greatest damage has been in the area of medical diagnostics, where highly innovative technologies often are deemed mere 'laws of nature,'" noted Merrill.

Section 101 deadlock

"I'd expect to see companies that depend on patent rights to highlight some of these problems to the USPTO. Others will likely point out that section 101 motions can help quickly end litigation involving patents that may be invalid for other reasons, like obviousness," he predicted.

However, while lawyers welcomed the USPTO's move, they felt that it was unlikely to herald a significant future overhaul of patenting laws.

"Unfortunately, I don't think the report is likely to end the deadlock on 101, but it's great that the issue is getting more attention in Congress," noted Merrill.

"I'm happy to see that there is interest in addressing these issues, but I'd be surprised if Congress comes together to pass any legislation regarding patent subject matter eligibility," agreed Suraez.

Background information about this request, along with detailed instructions on how to submit a comment is available in the Federal Register Notice. The deadline for submissions is September 7, 2021.