Patent Subject Matter Eligibility in the United States: Past, Present, and Future

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Background

• Before 1952, U.S. patent law relied on an arbitrary and subjective “invention” standard of patentability

• Courts routinely invalidated patents for lacking an “inventive” aspect, without ever defining what makes something “inventive”
In part as a reaction to this subjective “invention” standard, Congress passed the 1952 Patent Act intending the scope of patent-eligible subject matter be broad and objective patentability determinations.

This was codified in section § 103, which bases patentability on non-obviousness, using the objective standard of a person of ordinary skill in the art.

At the same time, Congress eliminated the concept of “inventiveness” from the eligibility analysis.
Thus, subject matter eligibility is dealt with in § 101 and, once subject matter eligibility is determined, whether the novelty and non-obvious standards are met are dealt with in §§ 102 and 103:

- § 101: Inventions potentially patentable
- § 102: Novelty condition for patentability
- § 103: Non-obviousness condition for patentability
The Problem

• Beginning in *Bilski v. Kappos* (2010), and leading to *Alice Corp. v. CLS Bank Int’l* (2014), the U.S. Supreme Court developed a test that narrowed the scope of patent protection for life sciences and software technology by significantly expanding judicially-created exceptions to eligible patent subject matter.

• *Alice* reintroduced a subjective “inventiveness” approach, conflating aspects of 35 USC §§ 102 and 103 with the § 101 analysis and expanding the “inventive concept” requirement even beyond the old “invention” standard.
The Problem

• The test is difficult to apply and has yielded unpredictable results for patent owners in the courts and at USPTO

• Some software and diagnostic inventions are now eligible for patent protection in other countries but not in the U.S.

• Several Federal Circuit judges have issued opinions critical of the *Alice* test, even asking for Congress to step in to clarify the law
Impact on Innovation

• Courts and patent practitioners have struggled to understand and apply the new § 101 standard

• Supreme Court’s § 101 decisions purport to be mere fine-tuning, not intended to have a dramatic effect on eligibility, but lower court decisions have demonstrated that the decisions are not mere fine tuning
Impact on Innovation

• District courts have not limited their ineligibility decisions to software, business methods, and life sciences, but have invalidated other types of technologies.

• Uncertainty and unpredictability undermine incentives to innovate and invest in R&D and commercialization in industries that rely on software-based innovation and that develop healthcare treatment methods.
In January 2019, the USPTO issued revised patent examination guidance on subject matter eligibility under Patent Act section 101 and asked for comments on the same. The USPTO explained that Supreme Court’s “Alice/Mayo” framework for analyzing subject matter eligibility “has caused uncertainty in this area of the law” and “poses unique challenges for the USPTO.” The revised guidance was issued in an effort to provide more certainty.
The first change clarified that abstract ideas are subject matter that falls into one of three categories (synthesized from judicial opinions): mathematical concepts, certain methods of organizing human activity, and mental processes.

“Claims that do not recite matter that falls within these enumerated groupings of abstract ideas should not be treated as reciting abstract ideas,” except in “rare circumstance[s]”
USPTO Revised Examination Guidance

• The revised guidance then lays out a revised procedure for analyzing whether a claim is “directed to” matter excluded from patent eligibility by judicial interpretation

• If no “judicial exception” is recited, no further analysis is necessary
• If an exception is recited, examiners are instructed to evaluate “whether the claim recites additional elements that integrate the exception into a practical application of the exception”

• If so, the claim is eligible and the analysis ends

• If the exception is not integrated into a “practical application,” the claim is “directed to” an exception and the examiner must then proceed to step 2 of the Alice/Mayo test to determine whether the “claim amounts to an inventive concept” and is patent-eligible or “whether the additional elements represent well-understood, routine, conventional activity” and will be rejected as ineligible
USPTO Revised Examination Guidance

• The revised guidance discusses what it means for an exception to be integrated into a practical application and how a claim should be analyzed to determine whether it provides an inventive concept.

• The guidance is constrained by the Supreme Court’s case law, so many, including IPO, don’t believe the guidance alone can solve the problem.
Why Legislation Is the Solution

• Current standard does not clearly set boundaries for patent eligible subject matter
• Clarity is necessary for certainty and predictability
• Certainty and predictability are necessary to incentivize investment in R&D and commercialization of new products and for small firms to secure funding necessary to become job creators
Why Legislation Is the Solution

• Congress’ intent in the 1952 Patent Act should not be disregarded

• While it is disregarded, deserving inventions are foreclosed from receiving patent protection

• Restore scope of subject matter eligibility to that intended by Congress’ 1952 Patent Act

• Define subject matter eligibility more clearly, in a technology-neutral manner
• Require evaluation of eligibility for invention as a whole, instead of focusing on only parts of a claim

• Simplify § 101 analysis for USPTO, courts, patentees, and public, prohibiting consideration of “inventiveness” and patentability issues under §§ 102 and 103
Eligible Subject Matter

a) Whoever invents or discovers, and claims as an invention, any useful process, machine, manufacture, composition of matter, or any useful improvement thereof, shall be entitled to a patent therefor, subject only to the conditions and requirements set forth in this title.
Sole Exceptions to Subject Matter Eligibility

b) A claimed invention is ineligible under subsection (a) 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.

Sole Eligibility Standard

c) The eligibility of a claimed invention under subsections (a) and (b) shall be determined without regard to:

(i) the requirements or conditions of sections 102, 103, and 112 of this title;

(ii) the manner in which the claimed invention was made or discovered; or

(iii) whether the claimed invention includes an inventive concept
Recently Introduced Draft Legislation

• On Wednesday, the 22nd of May, a bipartisan, bicameral draft bill to reform Patent Act section 101 was introduced

• The proposal “is intended to solicit feedback. For that reason, the language contained in the draft bill text is not final, and is subject to additional revision” after receiving additional input

• The draft was developed after receiving stakeholder input on a framework released in April that was based on discussion with participants in a series of roundtables that began last year
Draft Bill Provisions

• The draft bill retains the four existing statutory categories of patent-eligible subject matter—process, machine, manufacture, and composition of matter—and eliminates the requirement in section 101 that an invention be “new”

• New section 101(b) clarifies that eligibility “shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation”
Draft Bill Provisions

• Rather than defining a list of exceptions to subject matter eligibility, the proposal adds to section 100 a definition of “useful” as follows: “any invention or discovery that provides specific and practical utility in any field of technology through human intervention”

• Other provisions require that section 101 “be construed in favor of eligibility” and abrogate judicially-created exceptions to eligibility
Draft Bill Provisions

• The proposal clarifies that eligibility “shall be determined without regard to: the manner in which the claimed invention was made; whether individual limitations of a claim are well known, conventional or routine; the state of the art at the time of the invention; or any other considerations relating to sections 102, 103, or 112 of this title”

• The draft legislative proposal would amend section 112(f) so that ALL method claims (not just means-plus-function claims) will now be limited to the structure disclosed in the specification
Next Steps

• The Senate Judiciary Subcommittee on Intellectual Property is holding hearings in June to receive input from a large, diverse group of witnesses on “the state of patent eligibility in the United States”

• IPO is studying the draft bill and will continue to provide feedback as the process moves forward