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How Patent Owners Should Prepare For Eligibility Overhaul

By **Matthew Bultman**

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Law360 (June 7, 2019, 9:23 PM EDT) -- Congress appears determined to rewrite the law on patent eligibility.

The Senate intellectual property subcommittee **held two hearings** this past week to **discuss** patentable subject matter, with a third scheduled for Tuesday. The hearings follow a series of closed-door meetings with industry groups and the unveiling of a draft bill that would expand patent eligibility.

Scott McKeown, a partner at Ropes & Gray LLP, said the flurry of activity is reminiscent of the run-up to the passage of the 2011 America Invents Act, a landmark bill that overhauled the patent system and created new ways to challenge patents.

"People need to take this seriously," he said. "Given all of the effort that's going into it, it does remind me of the push to get the AIA out the door, and it would not shock me if we had a bill introduced before summer recess and then ... get it signed and passed into law before the end of the year."

The **draft bill**, which was unveiled last month, would undo U.S. Supreme Court decisions that have held abstract ideas, laws of nature and natural phenomena are not patent-eligible under Section 101 of the Patent Act. It would also say the law "shall be construed in favor of eligibility."

Here's a look at what patent owners and applicants should be doing now, both in district court and at the U.S. Patent and Trademark Office, to prepare for the possibility that the bill becomes law.

District Court

One of the questions that lawmakers are considering, testimony from this week's hearings suggests, is whether to make the law retroactive or whether it will operate on a "going forward" basis.

Former USPTO director Q. Todd Dickinson, who has participated in the meetings with senators,

suggested a middle ground during testimony Tuesday: The law would apply to cases in court and at the Patent Trial and Appeal Board where there has not yet been a final, non-appealable determination.

Let's say you own a patent that has recently been found invalid by a court for claiming nothing more than an abstract idea. Now might not be a bad time to stall, keeping the case alive until you see how things shake out in Congress.

"Once there's a final, non-appealable decision, your options become very limited," said Baker Botts LLP partner Wayne Stacy.

One way to extend the case is to take advantage of all available options for appeal, including bringing it up to the Federal Circuit. If the appeals court has already weighed in, patent owners may consider asking for a rehearing or petitioning the Supreme Court to buy themselves some time.

Those with patents "that are likely to suffer under the current understanding of [Section 101], there is at least some hope for them that it's going to be a little more inclusive in the future," said Michael Borella, a partner at McDonnell Boehnen Hulbert & Berghoff LLP.

When there is a significant change in the law, litigants in pending cases — in this situation, companies whose patents are invalidated under Section 101 — can argue that part of the case should be reheard under the new framework.

For example, in the wake of the Supreme Court's ruling in SAS Institute v. Iancu, an April 2018 decision that barred the PTAB from partially instituting review of a patent, the Federal Circuit sent a number of pending cases **back to the PTAB** for reconsideration.

And before that, the appeals court found that venue restrictions imposed by the Supreme Court in TC Heartland v. Kraft Food constituted a **change in the law**, which allowed defendants to raise venue arguments that might have otherwise been considered waived.

In a recent blog post, McKeown said the best practice for patent owners is still to preserve arguments.

There are also patent owners who may be thinking about filing a lawsuit but have to take the plunge. If they think their patent could be susceptible to an eligibility challenge, it may be worth holding off bringing any litigation for the time being, attorneys said.

"There may be portfolios and patents right now that, given their 101 vulnerability, just aren't worth asserting and could be worth asserting going forward," McKeown said. "That's part of the conversation that Congress is having."

Patent Office

The idea of not giving up on a case extends to some inventors whose patent applications have

been rejected by the USPTO.

It has been suggested that any legislative changes be made retroactive to also include applications that have already been filed. Inventors facing a rejection under Section 101 may want to sit tight and keep prosecution open, rather than throwing up their hands and walking away.

"Given that there may be this significant change in Section 101, if you're sitting on a patent where the claims are rejected just under 101 and not under any other part of the statute, then it might make sense to say, 'I'll keep things open, spend a little bit of money now, see what happens over the next 12 months and maybe if the law is changed then I'll have better luck in the PTO," Borella said.

Waiting things out shouldn't be too much trouble for many applicants. Experts said its possible to keep the application process going for quite a long time — some applications filed more than 10 years ago are still under prosecution.

"You're continuing prosecution, you're continuing to fight on despite what the examiner is saying," said Mark Nowotarski, a patent agent and principal of Markets Patents & Alliances LLC. "And you do it because you have a valuable invention, you need to protect it."

What inventors shouldn't do, experts say, is wait to file an application in the first place.

In the U.S. system, patents are awarded to the first person to file an application. Sitting on an application in the hopes of a more favorable framework coming out of Congress could allow someone else to beat you to the patent office.

It also allows time for new prior art — evidence that your invention is already known — to enter the equation, which could be a roadblock to getting a patent even if the invention covers eligible subject matter.

"You never want to delay filing," Nowotarski said.

--Editing by Brian Baresch and Alanna Weissman.