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Patent Masters Deliver Three Recommendations to Congress on Patent Reform

By **Gene Quinn**
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IPWatchdog's third Patent Masters Symposium was held this past week in Arlington, Virginia, and included some of the best and brightest in the patent world. The event focused on the effects of *Alice* five years on, but more importantly, identified practical approaches for navigating Section 101 law now and in the future. Sponsored by LexisNexis, the two-day event touched on themes including how the USPTO's incentive system for both examiners and Patent Trial and Appeal Board judges may be influencing practices that are detrimental to patent owners; how the overall culture at the USPTO may be more crucial than any guidance that comes down from the top; how the U.S. patent examination system compares with Europe's (courtesy of special guest Grant Philpott,

Chief Operating Officer for patenting in the new Information and Communications Technologies technical area at the European Patent Office); and concrete tips for writing patent applications to avoid the Section 101 morass.

Throughout the event, I also asked attendees to vote on several statements in an effort to come to consensus on certain points relating to the pending patent reform legislation. Those statements that received at least 80% of the vote are included in the open letter (see also below), have been sent to the Senators and Representatives working on the next draft of the new Section 101. A revised version of the proposed 101 reform that takes into account the testimony of nearly four-dozen witnesses is expected after the July 4 recess. I hope these guiding principles—on which many of those who testified at the hearings and participated in the roundtables weighed in—will help Congress to strike the right balance.

June 30, 2019

Senator Thom Tillis
Chair, Senate IP Subcommittee
113 Dirksen Senate Office Building
Washington, DC 20510

Senator Chris Coons
Ranking Member, Senate IP Subcommittee
218 Russel Senate Office Building
Washington, DC 20510

Representative Doug Collins
Ranking Member, House Judiciary Committee
1504 Longworth House Office Building
Washington, DC 20515

Representative Hank Johnson
Chair, House IP Subcommittee
2240 Rayburn House Office Building
Washington, DC 20510

Representative Steve Stivers
2234 Rayburn House Office Building
Washington, DC 20515

RE: Patent Eligibility

Dear Senator Tillis, Senator Coons, Representative Collins, Representative Johnson and Representative Stivers:

We applaud your efforts over the last several months to engage stakeholders on the important issue of patent eligibility reform. We view this effort as critical for the future of a variety of high-tech and life sciences industries in the United States.

As was discussed during testimony in recent hearings of the Senate IP Subcommittee, the Supreme Court has refused four (4) dozen petitions for *certiorari* on the issue of patent eligibility since issuing its decision in in *Alice Corp. v. CLS Bank Int'l*, 134 S.Ct. 2347 (2014). The assumption must, therefore, be that the Supreme Court is content with its patent eligibility jurisprudence.

Unfortunately, Supreme Court jurisprudence on patent eligibility is irreconcilable and has created tremendous uncertainty in an area where long term certainty is absolutely essential. Innovation typically takes a great deal of time, and commercializing that innovation takes even more time. Without long term stability and predictability investment decisions and incentives become skewed.

The United States Court of Appeals for the Federal Circuit has explained in at least several decisions that they feel handcuffed by Supreme Court jurisprudence. But even more problematic is the wide divergence of outcomes among Federal Circuit panels. Put simply, the Supreme Court test for patent eligibility is subjective and unpredictable. Congress must act.

Amidst this uncertainty, and with the fifth anniversary of the Supreme Court's *Alice* decision having just passed, last week IPWatchdog.com held a two-day symposium to discuss the state of patent eligibility in the United States. During this symposium overwhelming consensus was achieved by the *Patent Masters*™ faculty and symposium attendees on a variety of principles and recommendations.

The following statements received unanimous consent during the *Patent Masters*™ Symposium:

1. Supreme Court decisions interpreting 35 U.S.C. 101 have harmed the U.S. economy.

2. Supreme Court decisions interpreting 35 U.S.C. 101 are impeding the progress of the useful arts.
3. Supreme Court decisions interpreting 35 U.S.C. 101 are impeding the progress of innovations relating to medical diagnostics.
4. Supreme Court decisions interpreting 35 U.S.C. 101 are impeding the progress of innovations relating to important areas of software innovations, such as artificial intelligence and machine learning.
5. Supreme Court decisions interpreting 35 U.S.C. 101 have diminished America's global competitiveness.
6. The Supreme Court was unquestionably incorrect in *AMP v. Myriad Genetics* when they said discoveries are not patent eligible. The Constitution explicitly says otherwise, as does 35 U.S.C. 101.

The following statements achieved consent from at least eighty-percent (80%) of those attending the symposium:

1. The Supreme Court's decisions on patent eligibility in *Funk Brothers*, *Benson*, *Flook*, *Diehr*, *Chakrabarty*, *Bilski*, *Mayo*, *Myriad* and *Alice* are hopelessly irreconcilable. **[91% consensus]**
2. Supreme Court decisions interpreting 35 U.S.C. 101 are driving innovation and investment overseas. **[86% consensus]**
3. Supreme Court decisions interpreting 35 U.S.C. 101 violate separation of powers by adding "judicial exceptions" and usurping Congressional authority to define what is patent eligible. **[83% consensus]**
4. The 2019 Revised Patent Subject Matter Eligibility Guidance published by the USPTO creates the proper analytical framework for approaching questions of patent eligibility. **[82% consensus]**

Therefore, it is the recommendation of the undersigned attendees of the *Patent Masters*™ Symposium that:

1. Congress should legislatively overrule *Alice v. CLS Bank*.
2. Congress should legislatively overrule *Mayo v. Prometheus*.
3. Congress should explicitly prohibit "judicial exceptions" to patent eligibility.

In conclusion, we greatly appreciate your work on this important matter, and we enthusiastically support your efforts. We stand ready to help in any way possible. Strengthening the U.S. patent system for future generations is of paramount importance.

Very truly yours,

Eugene R. Quinn, Jr., President & CEO, IPWatchdog, Inc.

Paul Michel, Retired Chief Judge, U.S. Court of Appeals for the Federal Circuit

cc: Andrei Iancu, Director of the USPTO

Meredith Addy, Partner, AddyHart, P.C.

James Carmichael, Carmichael IP

Brad Close, Executive Vice President, Transpacific IP

Nicholas D'Andrea, Patent Agent

Kate Gaudry, PhD, Patent Attorney (on behalf of herself)

Robert Greenspoon, Founding Partner, Flachsbart & Greenspoon, LLC

Chris Israel, Executive Director, Alliance for U.S. Startups and Inventors for Jobs

Efrat Kasznik, President, Foresight Valuation Group, LLC

Sherry Knowles, Principal, Knowles Intellectual Property Strategies, LLC

Jack Lu, Founding Partner and Chief Economist, IPMAP LLC

Lissi Mojica, Managing Director, Answers IP, LLC

Mark Nowatarski, Principal, Markets, Patents & Alliances, LLC

Isaac T. Slutsky, Shareholder, Brooks Kushman

Bernard Tomsa, Shareholder, Brooks Kushman

John White, Partner, Berenato & White, LLC