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Refined Patent Eligibility Bill Coming This Summer, Sens. Say

By **Ryan Davis**

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Law360 (June 11, 2019, 10:35 PM EDT) -- Lawmakers leading the push to expand patent eligibility said Tuesday that they will alter their proposal following three days of hearings in order to emphasize that “true abstractions” and natural laws can’t be patented, but still aim to introduce a final bill this summer.

At the final hearing on a draft bill that would undo U.S. Supreme Court decisions restricting what can be patented, Sen. Thom Tillis, R-N.C., said the feedback from witnesses including tech and pharmaceutical companies, former patent officials and intellectual property law groups had left him “really convinced that we need further refinements.”

The draft language **unveiled last month** would expressly abrogate high court decisions such as Alice and Myriad, which found that abstract ideas, laws of nature and natural phenomena are not patent-eligible. Tillis and Sen. Chris Coons, D-Del., the bill's architects, say the lack of clarity about what falls into those categories has created too much legal uncertainty and discourages investment in new technology.

However, Tillis said Tuesday that concerns raised at the hearings, which **began June 4** and continued the **following day**, had persuaded him that the final bill will need to include more limits on patent eligibility.

For instance, he said, the final bill will stress that only useful inventions are patent-eligible, in an effort to make it "very clear that true abstractions, natural laws and naturally-occurring phenomena do not pass the test."

Tillis said he also wants the bill to include "a beefed-up experimental use and research exemption, so that basic research isn't unduly inhibited by any fix."

In addition, he said the legislation will include a provision limiting the use of functional language in patents describing what the invention does rather than what it is, "so that vague business methods and generic computer claims can't pass muster and be weaponized against small businesses, startups and entrepreneurs."

Tillis invited witnesses to provide feedback on what the revised language should look like, but stressed that "I want to do this quickly," so that a final bill can be introduced "sometime after the July 4 recess."

Once the bill is introduced, Tillis said he and Coons will work to quickly schedule a markup before the Senate Judiciary Committee "so that we can take the next legislative steps in restoring certainty to our patent system."

During the three hearings, lawmakers heard from 45 witnesses, some of whom strongly supported their proposal and others who said it should significantly changed or abandoned altogether.

On Tuesday, Manny Schecter, chief patent counsel of IBM, praised the draft bill and told lawmakers that the widespread uncertainty about what constitutes an abstract idea that is not patent-eligible has become "a blot on the integrity of the patent system."

He pointed to a **March decision** that patents on electric vehicle charging stations are invalid for claiming an abstract idea, saying that such technology is something "hardly anyone could imagine would be abstract."

"The law of subject matter eligibility is a mess that no one can understand," he said. "It's actually a bit of an embarrassment to advise business clients, who look at you and scratch their heads and occasionally wonder whether they can trust what you're saying."

Similarly, Corey Salsberg, global head of IP affairs at Novartis, said at the hearing that the legal bar on patents covering laws of nature had once been limited to truths like $E=mc^2$ and naturally-occurring minerals, but "has become so untethered from their sensible origins that we no longer know what they mean."

Novartis has had patent applications on a digital microscope and a laser surgical system rejected as ineligible, he said, and the company is "deeply concerned that eligibility law is on a collision course with future of medicine."

In contrast, Sean Reilly, associate general counsel of the Clearing House Payments Co., a payment and check clearing company run by the major banks, told the committee on Tuesday that he was concerned that undoing the high court's decisions would lead to a proliferation of abstract business method patents being asserted against banks.

The current eligibility standard allows such patents to be invalidated early in litigation, he said, and "for us, it's really, really important to be able to get out early and not run the litigation gauntlet, spending millions through discovery getting summary judgment."

But the lawmakers were urged Tuesday by Robert DeBerardine, chief intellectual property counsel at Johnson & Johnson, to reject that argument. The status quo should not be maintained just because it is convenient for accused infringers to be able to invalidate patents quickly, he said.

"It is better to get it right in court rather than to be fast and wrong," he said, adding that "we do not need federal courts destroying patent law in order to prevent nuisance lawsuits."

Coons said at the hearing that he is convinced that "the law in the area of patent eligibility is a complete mess, and I think we need to attempt to bring clarity and restore the strong patent protections that have long supported our innovation economy."

"Can we really justify discouraging investments in seeking a cure for cancer or the next generation of autonomous vehicles?" he asked.

Tillis and Coons, who head the Senate Judiciary Committee's intellectual property subcommittee, have led the push to rewrite patent eligibility law, which **began in December** with a series of closed-door roundtables with industry groups.

The draft bill that came out of those meetings was co-sponsored by three members of the House. Yet it remains to be seen how much broad-based support there is among other members of Congress for action on the issue.

Throughout most of the three hearings, Tillis and Coons were the only lawmakers present. Sens. Richard Blumenthal, D-Conn., and Mazie Hirono, D-Hawaii, asked a few questions of witnesses at one of the hearings, but no other senators made an appearance.

--Editing by Alanna Weissman.