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Iancu Touts Patent Eligibility Guidance That Just 'Works'

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Law360 (September 25, 2019, 7:12 PM EDT) -- Patent and Trademark Office Director Andrei Iancu told the [Intellectual Property Owners Association](#) on Wednesday that the agency's guidance on patent subject-matter eligibility is working, while other speakers at the association's meeting disagreed on whether Congress will ultimately jump in to clear up eligibility confusion.

During his keynote address at the meeting, Iancu said that prior to the [U.S. Supreme Court's](#) landmark ruling in [Alice Corp. v. CLS Bank](#) , which held that abstract ideas are not patent-eligible, only 32% of artificial intelligence patent applications were rejected.

That number jumped to about 60% in the five years after Alice, but Iancu said things have settled back down to the pre-Alice rate since the [USPTO](#) issued its guidance on eligibility, which took effect Jan. 7.

"It works," Iancu said. "The question is, what will the courts do."

Iancu told Law360 after his remarks that he hopes that district courts will adopt the guidance and that it will be perceived as having been carefully thought out and based on significant study, discussion and analysis.

The courts, however, aren't obligated to adopt it. "They're independent. They can and should do what they think is right," Iancu said. But he added that he hopes the guidance will be used to analyze Section 101 eligibility issues.

"The bottom line is one way or another we need clarity in the rest of the branches," the director said.

Whether or not the courts will adopt the guidance remains to be seen. Ultimately, it's an issue that Iancu said could end up in the Federal Circuit's lap if the courts split on adopting it. "If some district courts go one way and other district courts go in another way, hopefully the court of appeals can resolve any differences," he said.

The Supreme Court has not defined what constitutes a patent-ineligible abstract idea, but [the](#)

[USPTO guidance](#) lists three categories of inventions the USPTO deems to meet that description. The guidance also states that if the abstract ideas are "integrated into a practical application," the invention will be considered patent-eligible.

The USPTO guidance told examiners that the only things that should be considered abstract ideas are mathematical concepts, mental processes and methods of organizing human activity, like basic economic practices.

The confusion around patent eligibility has taken center stage in a bipartisan congressional effort to overhaul the patent system, with Sens. Chris Coons, a Democrat from Delaware, and Republican Thom Tillis of North Carolina leading the charge.

Based on his conversations with Senate leadership, Scott Partridge, the former chair of the intellectual property law section of the [American Bar Association](#), said during one of Wednesday's sessions at the IPO meeting that he believes Senate Majority Leader Mitch McConnell, R-Ky., was willing to bring a bill to the floor for a vote before the end of the year if members of Congress could agree on a final form. Despite that opportunity, Partridge said, "we're at a point where it's largely dead."

Partridge, who said he's been intimately involved in the legislative push and was one of 45 witnesses to testify during [three days of hearings](#) this summer, said that's not Congress' fault. "I think this was a self-inflicted wound where we sort of got in the way of each other with respect to what needed to be in the bill," he said.

Philip Warrick, USPTO counsel detailee to the Senate Judiciary Committee, disagreed that the bill is dead and said it's been a challenge to work through the concerns and "tricky issues" raised by various stakeholders. There have been constant meetings since June to come up with a balanced bill, Warrick said.

"Sen. Coons in particular is very concerned that people cannot secure patent protection for things like AI, quantum computing, medical diagnostics — they resort to trade secrets," Warrick said, abbreviating artificial intelligence. "And when you have trade secrets the information isn't out there for others to build upon and improve upon. So, all that is to say we are still working."

Partridge meanwhile said those working on the bill need to lower their expectations for the sake of getting a bipartisan bill that can pass both the House and the Senate. "It is not going to be perfect," he said. There has to be willingness to set egos aside to support a consensus product or it will be nothing, which is what Partridge said it is right now.

--Additional reporting by Ryan Davis. Editing by Jack Karp.