What's Eligible for a Patent? The Section 101 Muddle Explained (bloomberglaw.com)

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The Supreme Court has petitions pending to hear cases that would give it a chance to weigh in on the murky issue of patent eligibility.
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A series of U.S. Supreme Court decisions from the 2010s have left the law on patent eligibility—whether an invention actually qualifies as an invention—in disarray.

Patent examiners at the U.S. Patent and Trademark Office and lower courts have struggled to apply the Supreme Court's case law, which doesn't provide objective guidelines or define terms. That spells uncertainty for parties seeking to defend or invalidate patents.

The Supreme Court has passed on repeated calls from the nation's top patent court to provide clarity on patentable subject matter, but has two more opportunities to take up the issue in particularly decisive cases. If it doesn't, parties and courts will remain adrift unless Congress steps in to write a set of clearer rules.

1. Where does the eligibility requirement come from?

Section 101 of the Patent Act says an inventor can patent “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.”

The provision rarely came up in patent examination or litigation for most of the past 40 years; other parts of the Patent Act were used to weed out things that shouldn’t be patent-protected. That changed over the last few decades as the Supreme Court attempted to define the bounds of three exceptions to eligibility it created: laws of nature, natural phenomena, and abstract ideas.

But how to draw the line between an unpatentable idea and a patentable application of an idea still isn’t clear. Since its most recent eligibility decision in 2014, the high court has refused to provide objective guidelines or define terms like “abstract,” leaving the patent office and lower courts to fend for themselves.

2. How does eligibility come up?

Patent examiners who consider new applications filed at the PTO consider eligibility as one of the criteria for issuing a patent. Courts also consider eligibility, usually when someone accused of infringement fights back by saying the invention wasn’t patent-eligible in the first place.

Examiners and judges apply a two-part test the Supreme Court laid out in its 2014 decision in *Alice Corp. v. CLS Bank International*. First, they must determine if a patent claim is directed to one of the three exceptions. If so, they must decide whether something in the claim transforms it into an eligible application of that ineligible concept.

The subjective nature of those inquiries means that results vary depending on the person reviewing the patent. Software inventions are vulnerable to challenges that they are abstract unless they improve the functionality of a computer or network platform. Diagnostic medical tests often get thrown out as ineligible, while method of treatment claims fare better.

3. Where does the Federal Circuit stand?

Bitterly split decisions from the U.S. Court of Appeals for the Federal Circuit, where all patent cases are appealed, illustrate the confusion created by the Supreme Court.

In March 2020, a divided Federal Circuit panel revived Illumina Inc.'s patents on a way to detect fetal DNA in the mother’s bloodstream. A lower court had found the invention ineligible as describing a natural phenomenon, but the Federal Circuit majority said the patents related to a method for utilizing, not just detecting, fetal DNA.

In July 2020, the judges split 6-6 on whether the full court should reconsider a decision knocking out American Axle & Manufacturing Inc.'s noise-reducing driveshaft patent as directed to a natural law. In the panel opinion in that case, Judge Kimberly A. Moore

said that the court was “at a loss” on how to apply Section 101, and that all 12 active Federal Circuit judges have asked the Supreme Court for guidance on the issue.

4. Will the Supreme Court step in?

The Supreme Court has passed up dozens of chances to weigh in again on eligibility since *Alice*. It even took the rare step of disregarding a suggestion from the solicitor general in December 2019 that the court find the right case to clarify the standards.

It has more opportunities to take up the issue, with pending cert petitions in both the Illumina and American Axle cases. The Supreme Court asked for a response Jan. 29 from American Axle challenger Neapco Holdings, signaling at least one justice is interested in the case.

But the high court may be holding out to let cases continue percolating through the Federal Circuit or to see if Congress acts.

5. Will Congress make changes?

It’s unclear whether eligibility will be a priority in the 117th Congress, given the Covid-19 pandemic, related relief packages, and other pressing matters.

In 2019, lawmakers unveiled the text of a draft bill that would have rolled back certain Supreme Court decisions, including *Alice*. Efforts to introduce a legislative proposal stalled amid disagreement among industry representatives about the scope of the problem and potential solutions. Any momentum the legislation had going into 2020 was derailed by the pandemic.

Leaders of the Senate Judiciary IP subcommittee may try to pick up where they left off. Sen. Thom Tillis (R-N.C.), now the panel’s ranking member, has signaled his interest in tackling eligibility again, and Sen. Chris Coons (D-Del.), chairman of the subcommittee, is likely to be on board. The House has been largely silent on the issue.

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