COMMENTARY

JUNE 2019

Alice's Last Birthday? Highlights from the Senate Hearings to Abrogate *Alice v. CLS*

IN SHORT

The Situation: The Senate is considering legislation to abrogate the Supreme Court's decision in *Alice v. CLS* and related case law, potentially nullifying more than 100 years of Supreme Court jurisprudence.

The Development: A final bill may be introduced after Congress's July 4 recess.

Looking Ahead: A proposed bill that abrogates *Alice* and creates a presumption in favor of patent eligibility may lead to an increase in the number of patent infringement suits.

The Supreme Court's game-changing decision on patent eligibility, *Alice v. CLS*, turned five this month. But it may be *Alice*'s last birthday. In a rare and sweeping move, the Senate is considering legislation to overturn *Alice*.

A bipartisan draft bill led by Sens. Chris Coons (D.-Del) and Thom Tillis (R-N.C.) creates a presumption in favor of patent eligibility under 35 U.S.C. § 101. The draft bill also goes so far as expressly abrogating any case that has interpreted "abstract ideas," "laws of nature," or "natural phenomena" as judicially created exceptions to patentable subject matter. Such legislation could potentially nullify more than 100 years of Supreme Court jurisprudence.

> Legislation to abrogate the Supreme Court's decision in *Alice v. CLS* and related case law could potentially nullify more than 100 years of Supreme Court jurisprudence.

This month, the Senate heard testimony from 45 witnesses, including former judges, scholars, and industry leaders. Supporters of the bill argued for Congressional action to eliminate uncertainty under *Alice* and encourage investment in innovation. Opponents argued that legislation would go too far and result in a resurgence of weak patents and nuisance-value suits.

The following are different perspectives on section 101 reform that emerged from the Senate hearings:

Former Federal Circuit Chief Judge Paul R. Michel (June 4, 2019)
"If I, as a judge with 22 years of experience deciding patent cases on the Federal Circuit's bench, cannot predict outcomes based on case law, how can we expect patent examiners, trial judges, inventors, and investors to do so?"

Former USPTO Director David J. Kappos, (June 4, 2019)
"[U]nder current U.S. law governing patent eligibility, it is easier to secure patent protection for critical life sciences and information technology inventions in the People's Republic of China and in Europe, than in the U.S."

Michael M. Rosen, Adjunct Fellow, American Enterprise Institute (June 4, 2019)
"The 101 inquiry must remain distinct from the 102, 103, and 112 inquiries…. The Supreme

Court's *Mayo* and *Alice* requirement that the claimed invention must transcend a 'well-understood, routine, conventional activity,' which the Federal Circuit in *Berkheimer v. HP* declared was a factual inquiry, has unfortunately led examiners and courts down the primrose path of conflating novelty, obviousness, and eligibility."

Barbara A. Fiacco, President-Elect, American Intellectual Property Law Association (AIPLA) (June 5, 2019)
"In our view, current section 101 jurisprudence has had a negative impact, in particular, on the life sciences and software industries … AIPLA believes that closing the eligibility door on certain advances in the life sciences and software industries (including some that we cannot even predict today) could impede innovation to the detriment of our economy and society as a whole."

Dr. William Jenks, Internet Association (IA) (June 5, 2019)
"Here, the proposed change to patent-eligibility law is unnecessary and will likely do more harm than good … If there were a crisis in patent eligibility law, we should expect a radical reduction in the number of patents issued by the PTO. To the contrary, the PTO has been issuing record numbers of patents."

Christopher A. Mohr, Vice President for Intellectual Property and General Counsel, Software and Information Industry Association (SIIA) (June 5, 2019)
"[T]he draft bill's simplicity of language belies the complexities and harms that await when its language is applied to our members' activities. It would turn back the clock and enable the patenting of nontechnical business methods claimed 'on a computer,' encouraging the type of low-quality business method patents that plagued the industry prior to the *Alice* decision. And, under the guise of creating certainty, it would adopt a test that invites a whole new raft of litigation and examiner confusion over the meaning of 'usefulness.'"

Jeffrey K. Francer, Senior Vice President and General Counsel, Association for Accessible Medicines (June 5, 2019)
"The proposed revisions—which include expressly overruling more than 150 years of carefully crafted Supreme Court precedent—would incentivize monopolistic bad actors, deny patients access to lifesaving treatments and diagnostics, and reverse progress this Committee has made to lower drug prices for Americans."

A final bill may be introduced after the July 4 recess.

THREE KEY TAKEAWAYS

1. The final bill may expressly abrogate *Alice v. CLS* and any case that has interpreted "abstract ideas," "laws of nature," or "natural phenomena" as judicially created exceptions to patentable subject matter.
2. The final bill also may create a presumption in favor of patent eligibility under 35 U.S.C. § 101.
3. The final bill may strike "new" from the "new and useful" requirement under § 101 with the purpose of eliminating overlap with other sections of the Patent Act, including 35 U.S.C. §§ 102 and 103.


Rita J. Yoon
Chicago


Yury Kalish Ph.D.
Washington


Anthony M. Insogna
San Diego


John J. Normile
New York

YOU MIGHT BE INTERESTED IN: **Go To All Recommendations >>**

Federal Agencies May Not Challenge Patents in AIA Post-Issuance Proceedings

Protecting Your Trade Secrets in the United Kingdom

Lead Compound Analysis Not Applicable to Certain Method-of-Treatment Claims

SUBSCRIBE SUBSCRIBE TO RSS

Jones Day is a global law firm with more than 2,500 lawyers on five continents. One Firm Worldwide®

North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114-1190
www.jonesday.com