STATEMENT OF
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FEDERAL BAR ASSOCIATION SECTION ON INTELLECTUAL PROPERTY LAW

ON PROPOSED SECTION 101 PATENT LAW REFORM

BEFORE THE SUBCOMMITTEE ON INTELLECTUAL PROPERTY
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

JUNE 10, 2019

Dear Chairman Tillis, Ranking Member Coons, and Members of the Subcommittee:

Thank you for convening the Section 101 Patent Law Reform Roundtable discussions and hearings and for your invitation to submit a position statement for the record.

I am Robert Rando, a patent law practitioner for thirty years and the immediate past Chair of the Section on Intellectual Property Law of the Federal Bar Association. The Section's Board has approved this statement and supports the proposed Section 101 Patent Law Reform efforts led by Senators Tillis and Coons and their staffs.[1] We appreciate their diligence and dedication to address an urgently needed correction to the manner in which patent eligibility standards are applied at the front end (examination of the patent application by the USPTO) and at the back end (patent validity federal judiciary adjudication and USPTO review).

This statement is comprised of two parts. Part I addresses the urgent need for the reform. Part II provides analysis of the proposed draft bill and some suggested minor revisions to the bill. Part III provides conclusory comments. We remain honored to continue working with this Subcommittee to arrive at a sound proposed piece of legislation.

Part I. Section 101 Patent Law Reform Serves America's Need to Maintain Strong Stable and Sound Patent Protection and Policies.

For over 200 years, since the dawn of our new republic, the patent law system of the United States has become the gold standard by which all others have been measured. It has served us well in advancing technology and science for the benefit of not only Americans but the global community itself. Why is that? How has this happened? What tenets and fundamentals created by this system have inspired some of the greatest genius minds and ingenuity ever known to literally reach the moon and beyond and continue to cure those many ills and diseases previously thought to be incurable?

The answer is as simple and elegant as the innovations and solutions to complex technical problems and medical mysteries invented or discovered by the many famous innovators and countless other unsung pioneering inventors throughout our history. It is part of the catalyst that inspired the very foundation of our republic. It is the balance of power and liberty struck by our founding fathers in the U.S. Constitution. It is the true genius of those founding fathers stated

artfully and succinctly in Article I, Section 8, Clause 8, which grants Congress the enumerated power: "*To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.*"[2]

This clause of the enumerated powers of Congress in Article I of the U.S. Constitution granting the full authority to Congress to shape the means by which patent rights are granted has provided the life blood of progress in scientific and technological advancement and enlightenment. The *quid pro quo* bargain between the individual inventor and the State, granting to the inventor exclusive rights for a limited period of time in exchange for the inventor's disclosure of her/his invention, has served us well throughout the history of our great nation. As James Madison pointed out in Federalist Papers Number 43, the purpose, value and thrust of this Constitutional clause is self-evident. It is the necessity to have a *stable* patent system *securing* the rights of inventions to the individual and *inspiring* them to innovate. Period.

Why is it important to focus on these considerations in connection with the current state of the patent law system and Section 101 patent eligibility issues? The patent law system has experienced convulsive change over the past two decades, partially influenced by the shortsighted self-interest of some factions within the patent ecosystem, upending those Constitutional goals. The concerns and desires of some participants engaged in the Roundtable process has unfortunately introduced zero-sum philosophies that have infected the debate regarding our patent law system. This is not the basis upon which the system has served the needs of our nation for more than two hundred years. It is anathema to the aspirations and intentions of the founding fathers. The scourge of factious governing, so feared by the founders, seeks a home in the patent law system. Not only is this undesirable, it is completely counter to the purpose of the Constitutional imperative to have a *stable* patent system *securing* the rights of inventions to the individual and *inspiring* them to innovate and has had a detrimental impact on the United States well beyond the U.S. patent law system.

The denial of patent rights for inventions and innovation in entire areas of science and technology, based upon judicially created vague and ambiguous terms and phrases defining categorical exceptions to patent eligibility (*e.g.*, "abstract idea," "laws of nature," and "natural phenomenon") has created a void in the American patent system that is rapidly becoming filled in other patent law jurisdictions. Specifically, in China and the European Union, less restrictive exceptions to the patenting of inventions and innovations has created an environment for investment in technology and start-ups overseas rather than in America. The impact of capital outflow, as well as the disincentive to patent creation in the United States, holds dramatic, long-term and negative implications for the loss of American leadership in science and technology. American leadership in artificial intelligence, machine learning, biotechnology, including its convergence with big data, cyber and communications technology and national security, is threatened by this exodus of investment in financial and human capital.

The chaos and confusion regarding Section 101 patent eligibility standards, routinely encountered by businesses large and small and individual inventors, as they are counseled by patent application prosecution patent attorneys and agents, is unsustainable. Likewise, the frustration on the part of the federal judiciary and the USPTO regarding application of the Section 101 patent eligibility standards cannot be ignored.

Part II. Comments on the Proposed Draft Bill for Section 1010 Patent Law Reform

A. Amendment of 35 U.S.C § 100 – Defining the term "useful"

> **Section 100:** *(k) The term "useful" means any invention or discovery that provides specific and practical utility in any field of technology through human intervention.*

The draft bill's definition of "useful" places the emphasis for application of Section 101 patent eligibility precisely where the plain language of the statute has been and where it belongs (and will remain with the re-adoption of most of the current 101 statutory language in the new amendment.) Patent utility is a mainstay throughout the history of the United States patent system. However, under the current SCOTUS *Alice/Mayo* regime, the concept has been supplanted or essentially ignored in favor of unmanageable and infinitely ambiguous categories of judicially created exceptions to patent eligibility.

Admittedly, the definition of "useful," as drafted, may need further distillation (or perhaps additional definitions in Section 100) for certain terms or phrases, to wit:

1. "specific and practical utility"
2. "field of technology"
3. "human intervention"

It is urged that these phrases also be defined in Section 100. We stand ready to assist in that endeavor.

B. Amendment of 35 U.S.C § 101

> **Section 101:**
>
> *(a) Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.*
>
> *(b) Eligibility under this section shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation.*

We support the retention of the original language of 35 U.S.C. § 101 and the exclusion of the word "new," with a slight suggested change to the statutory language for clarity, as follows (**in bold**):

> *(a) Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may obtain a patent therefor, subject to* ***satisfying*** *the* ***additional*** *conditions and requirements of this title.*

The suggested change accomplishes two goals. First, it reinforces the necessity to properly distinguish the patent statute's patent eligibility requirements from the patentability requirements of Sections 102, 103 and 112. Much of the chaos and confusion in the Section 101 jurisprudence, post-*Alice/Mayo,* has been the result of the conflation or overlay of novelty, non-obviousness and non-enablement and indefiniteness. Identifying the patentability requirements as "additional" provides clear and unambiguous Congressional intent to address the distinction. Second, it is

consistent with the additional legislative provisions, as included in the proposed draft bill, declaring that the provisions of section 101 shall be construed in favor of eligibility.

The Section on Intellectual Property Law of the Federal Bar Association supports the addition of subsection (b) to the proposed amendment to Section 101. The addition of subsection (b) is a necessary expression of Congressional intent directing patent examiners, judges and litigants alike to apply uniformity in analyzing patent claims under the patent law system. Furthermore, this change is essential for solving the dilemma encountered by litigants in decisions rendered at the pleadings stage on a 12(b)(6) motion to dismiss or summary judgment motions. In fact, many of the cases, pre-*Aatrix*[3] and pre-*Berkheimer*[4], resulted in dismissals that upended the proper *Iqbal/Twombly* standard for 12(b)(6) motions and genuine factual disputes for summary judgment motions. In the 12(b)(6) cases, the failure to properly account for the claim interpretation and the *Iqbal/Twombly* presumptions attributable to pleadings confounds the application of the standard. Likewise, the same questionable outcomes arise in the application of the proper standard for assessing the genuine dispute as to any material fact for summary judgment motions based upon Section 101.

C. Amendment of 35 U.S.C § 112

Section 112:

(f) Functional Claim Elements - An element in a claim expressed as a specified function without the recital of structure, material, or acts in support thereof shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

The Section on Intellectual Property Law of the Federal Bar Association supports the amendment to 35 U.S.C. 112, as it will strengthen the ability to distinguish patent claims that rely more upon creative language utilization rather than creative useful arts.

D. Additional Legislative Provisions:

1. The provisions of section 101 shall be construed in favor of eligibility.

As previously noted, this presumption is critical to inspiring innovation and providing stable consistent outcomes for 101 determinations by decisionmakers at the front end and the back end.

2. No implicit or other judicially created exceptions to subject matter eligibility, including "abstract ideas," "laws of nature," or "natural phenomena," shall be used to determine patent eligibility under section 101, and all cases establishing or interpreting those exceptions to eligibility are hereby abrogated.

Abrogation of the judicially created categorical exceptions is an absolute necessity to solving the problems identified in the Section 101 patent law reform efforts. It should also be appreciated that the outcomes of the particular cases would likely be the same if they were properly determined by (rather than conflated with) analysis based upon patentability under Sections 102, 103 and/or 112.

3. **The eligibility of a claimed invention under section 101 shall be determined without regard to: the manner in which the claimed invention was made; whether individual limitations of a claim are well known, conventional or routine; the state of the art at the time of the invention; or any other considerations relating to sections 102, 103, or 112 of this title.**

A provision in the final proposed version capturing these guidelines will declare the Congressional intent to distinguish the patent eligibility analysis under Section 101 from the standards for patentability as defined by Sections 102, 103 and 112.

4. Additional Comments

The Section on Intellectual Property Law of the Federal Bar Association suggests that any final bill clearly indicate through statutory language and legislative history that Congress does not intend by its amendments to Sections 100, 101 and 112 to create any ambiguities nor any necessity for gap-filling in the final bill's language.

Part III. Conclusion

Section 101 patent law reform is of critical moment to provide the necessary protection for inventors and innovators. It is also important to recognize the social, political and economic impact of strong protections for intellectual property, especially patents. This cannot be overstated. In the social context, the incentive for disclosure and innovation is critical. Solutions for sustainability and climate change rely upon this premise. Likewise, we rely on that premise as we climb toward the precipice of the ultimate convergence in technologies from the hi-tech digital world and life sciences space, capturing the ability to cure many diseases and fatal illnesses, providing the true promise of extended longevity in well-being that is meaningful, productive, and purposeful. This incentive must be preserved.[5]

In similar fashion, advancements in technologies underlying the global economy and communications will enhance the possibilities for solutions to political and cultural conflicts arising around the globe. The United States economy has always benefited when at the forefront of innovation. Indeed, our nation achieves prosperity through its leadership role in technological advancements.[6]

In June 1966, Senator Robert F. Kennedy's addressed students at Day of Affirmation ceremonies at the University of Capetown, South Africa. In his speech Senator Kennedy said: *"There is a Chinese curse which says 'May he live in interesting times.' Like it or not we live in interesting times. They are times of danger and uncertainty; but they are also more open to the creative energy of men than any other time in history."*

Robert F. Kennedy's speech, which includes his reference to the oft-quoted "interesting times" curse, applies throughout history in many contexts and, indeed, with both negative and positive connotation. While he focused on the struggles for freedom and social justice, the requisite

ascendancy of the individual over the state, and the institution and integration of those ideals for the greater good, Senator Kennedy also promoted the goals of greater global unity, cooperation and communication, which are achieved by advances in technology. And, as noted in the excerpt, he championed "the creative energy of men."[7]

As was the case in 1966, how we move forward today, to solve the many problems facing our country and the broader global community in these "interesting times," both within and without the laws affecting intellectual property rights, depends upon the "creative energy of man" which must prevail. This is an achievable goal that depends on the strong, stable and sound protection of patent rights.[8]

Congress is on the right track with the current Section 101 patent law reform efforts. It should stay the course with this process, undeterred by possible misinformation about the draft bill disseminated by factious interests. Guidance with this endeavor can be found in the fundamental principle motivating the Framers of the Constitutional provision, Article I, Section 8, Clause 8, by asking the basic question whether the result or consequence of the enterprise will "promote the progress of the sciences and useful arts" and, if so, whether it is directed to the purpose of maintaining the *incentive* to innovate, will achieve *stable uniformity* in its application and implementation and will remain in fidelity with *securing* for the individual intellectual property rights unencumbered by factious governance unequivocally declared by James Madison, in Federalist Papers Number 43, as the self-evident purpose of the Patent and Copyright Clause.[9]

Lastly, Congress should not only stay the course, but champion this bipartisan effort as an example of what should be accomplished across the broad range of important issues vital to the needs of The People and our nation and its economic prosperity and national security.

About the FBA and its Section on Intellectual Property Law

The Federal Bar Association is a professional association devoted to the strengthening of the federal legal system and administration of justice by serving the interests and the needs of the federal practitioner, both public and private, the federal judiciary and the public they serve.

The Intellectual Property Section is one of twenty sections of the FBA with approximately 1000 Intellectual Property practitioners. Its mission is to further the purposes of the FBA as stated in its Constitution and to inform and educate members of recent developments in intellectual property law.

For additional inquiries:

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[1] The views expressed herein are solely those of the Section on Intellectual Property Law of the Federal Bar Association and do not necessarily reflect the views of the national Federal Bar Association, any judicial member of the Association, or any other member of the Association or the Section for whom participation in the formulation of the position would conflict with that member's official or other professional responsibilities.
[2] Article I, Section 8, Clause 8 of the U.S. Constitution. grants Congress the enumerated power: "*To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.*"
[3] *Aatrix Software, Inc., v. Green Shades Software, Inc.*, 882 F.3d 1121 (2018)
[4] *Berkheimer v. HP Inc*., 890 F.3d 1369 (Fed. Cir. 2018)
[5] Excerpt from Rando, Robert J., *America's Need For Strong, Stable and Sound Intellectual Property Protection and Policies: Why It Really Matters*, Fed. Law., June 2016, at 12.
[6] *Id*.
[7] *Id*.
[8] *Id*.
[9] *Id*.