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Locke Lord QuickStudy: The Patent Eligibility Restoration Act – ?Restoring Clarity, Certainty, and Predictability to ?the U.S. ??Patent System

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On June 22, 2023?, the U.S. senate released a bill, The Patent Eligibility Restoration Act of 2023 (introduced by Senators Tillis and Coons and ?hereinafter referred to as "PERA"), which if passed would transform patent eligibility in the wake of the judicial standards set forth in Alice (*Alice Corp. Pty. Ltd. v. CLS Bank Int'l, 573 U.S. 208, 216, (2014)*) and Mayo (*Mayo Collaborative Servs. v. Prometheus Labs., Inc., 566 U.S. 66, 71, (2012)*). Per the authors, PERA seeks to provide clear guidelines for courts to determine patent eligibility in a consistent manner, while promoting technological advancements across a wide variety of fields, some of which are currently regarded as ineligible subject matter. In general, PERA will retain the existing statutory categories of eligible subject matter, but targets concerns regarding inappropriate eligibility constraints by enumerating a specific but extensive list of excluded subject matter. Notably, the proposed legislation clarifies the language of §101 and eliminates all judicial exceptions to patent eligibility. The full text of the bill can be read here.

On January 23, 2024, The Committee on Intellectual Property (a subcommittee of The Senate Judiciary Committee) held a hearing to discuss the implications passing PERA into law. The hearing was led by Senators Thom Tillis (R-NC) and Chris Coons (D-DE)?. Senators Mazie Hirono (D-HI), Marsha Blackburn (R-TN), and Alex Padilla (D-CA) were also in attendance. Committee members heard from a total of eight witnesses, representing patent attorneys, professors, inventors, corporations, and other industry stake holders on their positions regarding PERA. Of the eight witnesses, two expressed concerns with enacting PERA, while the remaining spoke in support.

During the hearing, Senator Coons pointed to concerns that the current test used by courts to determine patent eligibility places the U.S. at a competitive disadvantage by marking inventions ineligible for patenting, while those exact same inventions are allowable in other countries, in particular, Europe, China, and Japan. Because of this, lawmakers fear this is currently, and will continue to drive innovation and investment overseas. Both Senators Coons and Tillis expressed their concerns regarding the difficulty in understanding the current legal test for determining patent subject matter eligibility, which can often lead to unclear court decisions, unpredictable business outcomes, and threatens the future of innovation, especially in new emerging ?technologies such as medical innovation, diagnostics, and computing. Accordingly, PERA will aim to retain the existing statutory categories of patent eligibility but further define a specific list of patent ineligible subject matter, rather than allow such matter to be judicially determined. Lawmakers believe that it is time legislation set the standards for subject matter eligibility, rather than the courts, given that lawmakers were the ones to define patent eligible subject matter

in §101.

While currently 35 U.S.C. §101 sets forth statutory categories for patent eligible subject matter, over time, courts have carved out certain judicially recognized exceptions: laws of nature, natural phenomena (product of nature) or abstract ideas. The current judicial standard, the Alice/Mayo test, directs courts to determine whether a claim directed towards subject matter of an eligible category set forth in §101 is also directed to one of the judicial exceptions. If so, the court must then determine whether the claim recites significantly more than the stated judicial exceptions. The determination of what amounts to each of the categories and what amounts to significantly more has solely been decided in the courts, leading to a lack of consistency and confusion among courts themselves, practitioners, and those seeking patents about what will ultimately be patent eligible. With the rise of AI, supercomputing, and advancements in medical diagnostics, this lack of clarity suggests further problems are in store.

During the hearing, critics voiced concern that natural phenomena ("facts about the world") could become patent eligible under PERA, which could lead to a "privatization of information," if the only point of novelty in these applications is the newly discovered phenomena, such as a biomarker. Critics thus allege research and development would then be harder to carry out and more expensive. However, the lawmakers, and PERA supporters contend that the other patentability filters (e.g., novelty, obviousness, and written description) would fully address these concerns. As an example, biomarkers (knowledge about an association between a gene and its presentation?) and genes are not currently patent eligible subject matter. Under PERA, it is argued, those same biomarkers themselves would still not be patent eligible but their use may be. For genes, the genes themselves would still not be patent eligible, but new systems or methods for their ?purification and isolation could be. ?It is important to note that even if something is patent eligible, 35 U.S.C. §§102, 103, and 112 would still apply.

Another significant concern with PERA raised during the hearing is whether there are "magic words" that can be added to a claim to make ineligible subject matter eligible. For example, if a claim is directed to ineligible subject matter under PERA's definition, but is amended to include "performed on a computer," "performed by an article of manufacture," would the claim now be eligible under PERA? One suggestion offered to combat this is to adopt an eligibility standard that is tied to an advancement in technology.

Lawmakers and those speaking in support of PERA believe PERA would provide clear and consistent rules for courts to follow when making subject matter eligibility determinations and would allow the U.S. to be more aligned and consistent with patent eligibility requirements in other countries. By doing so, it is argued, PERA would restore investment and innovation in the U.S. by clearly delineating what is patent eligible and what is not, up front, without any question. If inventors and investors alike know from the time of conception their invention is eligible for patenting, they are more likely to continue to invest in research and development of that invention.

Further developments will become available as the bill moves through the legislative process.

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