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ORANGE COUNTY BUSINESS JOURNAL

Vol. 41, No. 30 — THE COMMUNITY OF BUSINESS™ — July 23-29, 2018 • $1.50

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# What Is Patentable Subject Matter? It is Time for Congress to Act

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Patentable subject matter is defined in 35 U.S.C. §101 as "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." Since this statute was codified in 1952, there have been numerous court cases defining (or attempting to define) what exactly can be patented. The latest Supreme Court case was decided over four years ago with the Court's unanimous ruling in *Alice*[1], involving patent eligibility for software and business method patents. The *Alice* decision set forth a two-part test for determining eligibility, but without clear guidance as to how to apply the test, as the Court deferred to the Federal Circuit and lower courts for clarification. However, the decisions since *Alice* have not provided much clarity. While various Federal Circuit cases provide additional data points for the patent eligibility issue, they are very much fact-based and fail to enunciate a bright-line test that can be objectively applied in the vast field of software technology. It is telling that even Federal Circuit judges have a hard time applying the two-part test. In *Amdocs*[2], the court explicitly refused to articulate a "single, universal definition of an 'abstract idea,'" noting the difficulty in fashioning a definition for "as-yet-unknown cases with as-yet-unknown inventions." If Federal Circuit judges cannot define patent eligibility, how can the United States Patent Office (USPTO), with its vast numbers of examiners, be expected to do so?

Many problems arise when the patent eligibility laws are unclear. First, examiners spend an inordinate amount of time addressing 101 issues, which reduces the time examiners can spend on other issues such as prior art, as examiners only have limited amounts of time for each round of prosecution. That amount of time spent has now increased with the recent *Berkhemier*[3] decision, which requires examiners to support assertions that features in claims are well-understood, routine, or conventional activity with factual determinations, which is a factor in determining subject matter eligibility. Two adverse consequences of this are that patents may issue that have not been fully vetted with regard to prior art, at least relative to pre-*Alice*, and patents that are novel, non-obvious, and useful may be unable to overcome current subjective 101 hurdles.

Second, inventors and technology companies spend resources trying to navigate the uncertain laws surrounding patent eligibility, many times with negative results. For example, a company may forgo filing a patent application on an important idea and keep it a trade secret. This deprives the public of seeing the idea and encouraging the development of new inventions, which is the primary purpose of the patent system.

In a speech delivered to the U.S. Chamber of Commerce on April 11, 2018, USPTO Director Iancu remarked that "current law surrounding patentable subject matter has created a more unpredictable patent landscape that is hurting innovation and consequently, investment and job creation." He further noted that *Alice* has "inserted standards into our interpretation of the statute that are difficult to follow." Furthermore, Judges Lourie and Newman of the Federal Circuit joined together in a concurring opinion in *Berkhemier* that urges Congress to clarify the law with respect to patent eligibility.

In short, courts have had plenty of time and opportunity to clarify section 101. However, patent eligibility guidance is not much clearer, even after at least 46 precedential decisions and 10 USPTO memos since *Alice*. Inventors, technology companies, the USPTO, and the public cannot continue to wait for the courts to clarify this important area of law. It is time for Congress to step in and change 35 U.S.C. 101 and accomplish something the courts have not been able to do: Clearly define patentable subject matter so that development of new inventions is encouraged and not stagnated by the patent system.

[1] *Alice Corp. v. CLS Bank International 134 S. Ct. 2347 (2014)*
[2] *Amdocs (Israel) Ltd. v. Openet Telecom, Inc. 841 F.3d 1288 (Fed. Cir. 2016)*
[3] *Berkheimer v. Hp Inc., Case No. 2017-1437 (Fed. Cir. 2018)*