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March 28, 2017

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450
via email to: 101Roundtable2@uspto.gov

Re: Supplemental Comments Related to Patent Subject Matter Eligibility

Dear Director Lee:

I write on behalf of the American Bar Association Section of Intellectual Property Law (“ABA-IPL Section” or “Section”) to supplement the Section’s response on January 18, 2017 to the United States Patent and Trademark Office’s invitation for written comments on patent subject matter eligibility in the Federal Register at 81 Fed. Reg. 71485. (PTO-P-2016-0041, October 17, 2016). In particular, these comments are directed to the topics addressed by Roundtable 2 (“Exploring the Legal Contours of Patent Subject Matter Eligibility”). For your convenience, a copy of our initial response of January 18th is attached.

The American Bar Association is the largest voluntary professional association in the world and the ABA-IPL Section is the largest intellectual property law association with approximately 20,000 members. These views have not been approved by the House of Delegates or the Board of Governors of the American Bar Association, and, accordingly, should not be considered as representing the position of the Association.

In our letter of January 18, 2017, we explain that, until recently, the U.S. Supreme Court had established a patent eligibility test that generally struck a proper balance between preventing the patenting of pure laws of nature, natural phenomena, or abstract ideas themselves, while authorizing the patenting of their application in particular fields. We emphasized that the U.S. Supreme Court’s earlier precedent required the courts and the PTO to assess eligibility of the claimed process as a whole—devoid of considerations of novelty, nonobviousness, written description, and definiteness—such that they may not ignore or discount limitations of a claim in order to render it patent

ineligible. Recent Supreme Court 101 opinions, however, have injected ambiguity into the eligibility determination by requiring courts and the PTO to apply criteria such as “well known,” “routine,” “conventional or obvious,” factors that were previously relevant only to novelty and obviousness, in order to ignore limitations and render a claim patent ineligible and in effect have turned the gateway function of patent eligibility into a patentability test better left to the other statutory provisions that specifically address patentability, like sections 102, 103 and 112 of the patent statute. This has created the risk that investment in new technologies will be discouraged thereby further risking U.S. leadership in many of those technologies.

Noteworthy among the Supreme Court cases over the last fifty years that discuss patent eligibility is the consistency with which the Court states that its fundamental concern is the potential “pre-emption” of the use of building blocks like laws of nature, natural phenomenon and abstract ideas. The Court said in *Alice*¹ that “We have described the concern that drives this exclusionary principle as one of preemption,” and then the Court cites prior cases that repeatedly state that concern.² At its core, preemption is the driving force behind the Court’s jurisprudence.

Unfortunately, the test announced by the Court in *Mayo*³ and *Alice*⁴ has led the lower courts to lose sight of the fundamental preemption concern that has driven patent eligibility jurisprudence. This could not be clearer than the example of the Federal Circuit’s recent decision in *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*,⁵ where the Federal Circuit said the Supreme Court’s newly minted eligibility test must be applied so aggressively as to require lower courts to hold that “groundbreaking, innovative, or even brilliant discoveries” can be excluded from patent protection.⁶ Indeed, while the Federal Circuit acknowledged the Supreme Court’s fundamental concern over preemption, the Federal Circuit expressly rejected applying preemption in rendering its decision.⁷ The Federal Circuit said “While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.”⁸ In its holding the Federal Circuit ignored alternative uses proffered by the patent holder to show the lack of preemption, and instead found an admittedly groundbreaking invention ineligible under section 101.

Because the current patent eligibility jurisprudence of the courts is in conflict with existing ABA policy, and because further judicial interpretation is unlikely, the Section explained in its January 18th letter that it was in the process of developing policy to support legislation clarifying the distinct role for section 101 in limiting patent eligibility to practical uses of processes, machines, manufactures, and compositions of matter.

¹ *Alice Corp. v. CLS Bank Int'l*, 134 S.Ct. 2347, 2354 (2014)

² *Id.* at 2354.

³ *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289, 1296-97 (2012).

⁴ 134 S.Ct. at 2355.

⁵ 788 F.3d 1371 (Fed. Cir. 2015).

⁶ *Id.* at 1379-80.

⁷ *Id.* at 1379.

⁸ *Id.*

I am pleased to provide you with an update on the Section's progress to develop a suitable legislative proposal. On March 7, 2017, the Section Council passed a legislative proposal that recognizes the proper role of preemption in establishing a patent eligibility gateway consistent with the fundamental concerns of the Supreme Court, while leaving determinations of patentability, including "inventive concept," to other provisions of the patent statute, namely sections 102, 103 and 112. The proposal also makes abundantly clear that patent eligibility shall not be negated when a practical application of a law of nature, natural phenomenon or abstract idea is the subject matter of the claims when all limitations with none ignored are fully considered. The legislative proposal directly applies the longstanding fundamental concerns of Supreme Court precedent, and it is consistent with current ABA policy. The proposal at least substantially mitigates if not resolves newly injected ambiguity and confusion into the eligibility determination caused by the use of factors that are relevant only to novelty, obviousness, and the requirements of particularity in claiming an invention. The legislative proposal of the Section is contained in the following Resolution:

RESOLVED, that the American Bar Association Section of Intellectual Property Law supports, in principle, amendment of 35 U.S.C. § 101 to clarify that useful inventions as defined by each and every limitation of the claims of a patent satisfy the patent eligibility requirements of section 101 so long as the claims do not preempt the use by others of all practical applications of laws of nature, natural phenomena or abstract ideas, and to clarify that the determination of patent eligibility under Section 101 is independent of patentability under other sections of the patent statute.

FURTHER RESOLVED, the ABA-IPL Section supports, in principle, replacing in its entirety the current statutory language of 35 U.S.C. § 101 with language substantively consistent with the following:

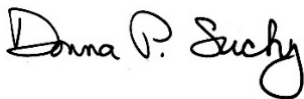
§ 101. Conditions for patentability: eligible subject matter.

- (a) **Eligible Subject Matter.**- Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, shall be entitled to obtain a patent on such invention or discovery, absent a finding that one or more conditions or requirements under this title have not been met.
- (b) **Exception.**- A claim for a useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may be denied eligibility under this section 101 on the ground that the scope of the exclusive rights under such a claim would preempt the use by others of all practical applications of a law of nature, natural phenomenon, or abstract idea. Patent eligibility under this section shall not be negated when a practical application of a law of nature, natural phenomenon, or abstract idea is the subject matter of the claims upon consideration of those claims as a whole, whereby each and every limitation of the claims shall be fully

considered and none ignored. Eligibility under this section 101 shall not be negated based on considerations of patentability as defined in Sections 102, 103 and 112, including whether the claims in whole or in part define an inventive concept.

We emphasize that the above proposal is not intended to be the final word on amending section 101 of the patent statute. But, we believe it is an important first step toward a politically palatable solution to the unworkable and detrimental state of current 101 jurisprudence. We welcome the opportunity to discuss the Section's legislative proposal with you and to address our concerns at your convenience.

Very truly yours,

A handwritten signature in black ink that reads "Donna P. Suchy". The signature is written in a cursive, flowing style.

Donna P. Suchy
Section Chair
American Bar Association
Section of Intellectual Property Law

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AMERICAN BAR ASSOCIATION

January 18, 2017

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
P.O. Box 1450
Alexandria, Virginia 22313-1450

via email to: 101Roundtable2@uspto.gov

Re: Request for Comments Related to Patent Subject Matter Eligibility

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The United States patent system is well recognized as providing significant incentives necessary to promote private investment in scientific research and the development of new technologies. For example, without patents, emerging businesses and universities would be at risk with respect to their ability to attract needed investment, and established businesses would risk losing an important mechanism for protecting their investment in new products, particularly when those new products are particularly vulnerable to copyists.

Well over a hundred years ago, the U.S. Supreme Court established a patent eligibility test that was reasonably successful in promoting the development of countless new technologies and scientific achievements. Throughout most of that period, the Supreme Court struck a proper balance between preventing the patenting of pure laws of nature, natural phenomena, or abstract ideas themselves, while authorizing the patenting of their application in particular fields. In general, the courts and the PTO were required to assess eligibility of the claimed process as a whole, to ensure that if the invention involved a law of nature, natural phenomenon, or abstract idea, patent eligibility was available only to a

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specific application of that law of nature, natural phenomenon, or abstract idea. In parallel, Supreme Court precedent had established that considerations of novelty, nonobviousness, written description, and definiteness were to be applied only under their respective statutory sections, and not in a subject-matter eligibility determination under 35 U.S.C. § 101. Similarly, the Supreme Court had long held that the eligibility of a patent claim must be assessed when viewing all of the claim limitations as a whole, and that courts and the PTO should not ignore or discount limitations of a claim in order to render it patent ineligible.

Over the last few years, however, the Supreme Court has injected ambiguity into the subject-matter eligibility determination.¹ In particular, the current jurisprudence on patent eligibility under section 101 is confusing, creates uncertainty as to the availability and enforceability of patent assets, arguably risks the incentive to innovate provided by patents in technologies in which U.S. industry has historically led the world, and potentially places the U.S. in a less advantageous position on patent protection than our leading competitor nations. Indeed, the uncertainty that has resulted from recent Supreme Court precedent and its progeny may create the risk that investment by U.S. businesses in certain new technologies will be discouraged by virtue of the Court's interpretation of the definition of what may be patented, as found in 35 U.S.C. § 101. As recently noted by the Federal Circuit itself, that interpretation is potentially so narrow as to require lower courts to hold that "groundbreaking, innovative, or even brilliant discoveries" are to be excluded from patentability.² While the effects of the current interpretation of section 101 are just beginning to be felt in the patent system, a significant risk exists that the courts and the

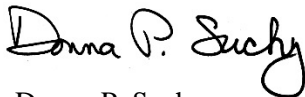
¹ In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 10, 132 S. Ct. 1289 (2012) ("*Mayo*"), the Supreme Court rewrote the test for determining whether patents impermissibly claim a law of nature, natural phenomena, or abstract idea itself. The rewritten test contains ambiguities and has been inconsistently interpreted and applied by lower courts. For example, the manner in which the Court described what it believes is enough to satisfy its requirements have been measured against criteria traditionally used for novelty and nonobviousness. The *Mayo* court's reasoning evaluates what is enough against criteria such as "pre-existing," "well known in the art," "routine," "well-understood," "routine," "conventional or obvious" (factors that were previously relevant only to novelty and obviousness) in determining that claims were not eligible subject matter under Section 101. *Mayo* considered and rejected the analysis offered by the Solicitor General (an analysis that tracked the law under § 101 that had been understood for decades), that "virtually any step beyond a statement of a law of nature itself should transform an unpatentable law of nature into a potentially patentable application sufficient to satisfy § 101's demands." *Mayo*, 132 S.Ct. at 1303. Subsequently, in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) ("*Alice*"), the Supreme Court created uncertainty as to the patent eligibility of software inventions. The effect of these cases and their progeny has created the risk of a dampening of the availability of patent protection in at least the life sciences and computer fields.

² In *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371 (Fed. Cir. 2015), the Federal Circuit agreed with Sequenom that the invention "reflects a significant human contribution...and utilized man-made tools of biotechnology in a way that revolutionized prenatal care." *Id.* at 1379. The court said, "We agree but note that the Supreme Court instructs that '[g]roundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.'" *Id.* The Federal Circuit said, however, that its hands were tied and that it could not uphold the patent even though the "The Royal Society lauded this discovery as 'a paradigm shift in non-invasive prenatal diagnosis,'" and that the inventors' initial article describing this invention has been cited well over a thousand times. The court held, therefore, that it was compelled to affirm the district court's finding that the claims were patent ineligible under the Supreme Court's decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 10, 132 S. Ct. 1289 (2012), that effectively prohibits the patenting of any methods for detecting natural phenomenon, including the existence of fetal DNA in the mother's blood. *Id.* The U.S. Supreme Court denied Sequenom's petition for certiorari.

PTO will reject the patenting of inventions that, consistent with the intent of the Framers of our Constitution, promote the advancement of technology and greatly benefit society.³

In part, the current patent eligibility jurisprudence of the courts is in conflict with existing ABA policy.⁴ The Section believes the current state of the common law interpretation of section 101 has reached the point where further judicial interpretation is unlikely, in the foreseeable future, to rectify the ambiguities and uncertainties created by that jurisprudence. While the Section remains of the view that laws of nature, natural phenomena and abstract ideas standing alone are not proper subject matter for patent protection, the Section believes that legislation clarifying the distinct role for section 101 in limiting patent eligibility to practical uses of processes, machines, manufactures, and compositions of matter is likely necessary. That role should not overlap with the roles of other sections of the statute such as anticipation and obviousness. Accordingly, the Section is in the process of developing policy that would facilitate a revision of section 101 that clarifies what is and is not patent eligible.

Very truly yours,



Donna P. Suchy
Section Chair
American Bar Association
Section of Intellectual Property Law

³ Limitations on the availability of patents, as provided for in Article 1, Section 8, Clause 8 of the U.S. Constitution, must be consistent with the intent of Congress to promote the progress of the useful arts by enacting patent laws to allow the fullest range of patent-eligible subject matter permissible under the Constitution, under criteria that are objective in character and that produce predictable results.

⁴ See, e.g., ABA Resolution 101A (Adopted by the American Bar Association House of Delegates on February 11, 2013), which is set forth below. This resolution conflicts with cases such as *Mayo*, which (among other things) arguably incorporates elements of the conditions of patentability under Sections 102 and 103 (novelty and nonobviousness) into the subject matter eligibility analysis. See *supra* footnote 1.

RESOLVED, That the American Bar Association supports the principle that laws of nature, physical phenomena, and abstract ideas are not eligible for patenting as a process under 35 U.S.C § 101, even if they had been previously unknown or unrecognized;

...

FURTHER RESOLVED, That the American Bar Association supports the principle that the inquiry into subject matter eligibility for patenting under 35 U.S.C. § 101 is a separate and distinct requirement for patent eligibility which should be resolved independently from the conditions of patentability under Sections 102 and 103, and the requirements for obtaining a valid patent under Section 112;

FURTHER RESOLVED, That the American Bar Association opposes application of a patent eligibility test under Section 101 that imports into the patent eligibility analysis the criteria or analysis for determining patentability addressed by Sections 102 and 103, as well as the criteria required for obtaining a valid patent under Section 112.