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Senate Subcommittee on Intellectual Property Holds Hearings on Proposed Revisions to 35 U.S.C. § 101

On June 4, 5, and 11, the Senate Subcommittee on Intellectual Property held hearings on its recent proposal to revise 35 U.S.C. § 101, and in particular the current draft bill to do so. Chairman Tillis and Ranking Member Coons (with an occasional third senator in the room) heard testimony from 45 individuals representing a broad swathe of patent expertise including industry executives and groups, inventors, a former Federal Circuit judge, former U.S. Patent and Trademark Office officials, and law professors. Notably absent were representatives of high-tech companies, though a software industry association representing many of these organizations sent an envoy.

The motivation behind the bill and these hearings was the widespread understanding that a series of Supreme Court decisions in the last decade (most recently *Alice Corp. v. CLS Bank Int'l*) had "made a hash" of patent eligibility. The intent behind the draft bill was to offer clarity with regard to what technologies and scientific discoveries are eligible for patenting.

To that end, the draft bill effectively abrogates the Supreme Court's § 101 test, eliminates judicial exceptions to eligibility, draws a strict line between the inquiries of §§ 101, 102, 103, and 112, and would result in virtually any invention that "provides specific and practical utility in any field of technology through human intervention" being eligible. The draft bill also changes § 112(f) in a fashion that appears to codify the holding of *Williamson v. Citrix Online, LLC* regarding the interpretation of functional claim language.

Needless to say, the seven-plus hours of hearings brought forth several kernels of disagreement between those who favor the wording of the draft bill, those who believe that § 101 is working just fine as it is, and those somewhere in the middle. Rather than provide a blow-by-blow analysis, a summary of highlights (admittedly incomplete) follows:

• The majority of witnesses agreed that § 101 is currently in a state of crisis and that the *Alice* test is too hard for patent examiners, judges, attorneys, and innovators to apply consistently or cogently in practice.

• A number of witnesses noted that the current state of the law has reduced the number of lawsuits from bad actors (*e.g.*, non-practicing entities) who engage in licensing campaigns by aggressively asserting patents with overly-broad, vague claims. Since these patents can be invalidated under § 101 on the pleadings in many cases, the cost of being a patent defendant has dramatically decreased.

• Several witnesses also raised the issue that the U.S. could lose its leadership positions in artificial intelligence, quantum computing, diagnostic methods, and genetics if inventions in these fields were not eligible in this country while being more easily patentable in Europe and China.

• Concern was raised about the patenting of human genes in their natural state, which was eventually shot down by Senator Tillis. He and Senator Coons made it clear that doing so was not a goal of the legislation.

• Opinions were provided from parties on both sides of the endless debate regarding the effects of patents on drug prices, presenting studies that support their diametrically opposed positions.

• The general consensus was that diagnostic methods were virtually unpatentable under today's law and that this was having a deleterious impact on that industry.

• The "practical utility" language of the draft bill was criticized as still being too vague in practice and an invitation for the judiciary to re-apply the *Alice* test in a slightly different form.

• The Senators and the witnesses discussed whether the bill could encourage the courts to be able to accelerate the adjudication of patents that seem to lack merit on their face, but how to do this remained undecided. It was pointed out that Congress telling the district courts how to manage their dockets could be a separation of powers violation.

• The changes to § 112(f), which effectively require more detailed disclosure to support functional claim language, were generally viewed positively but with some trepidation. Some were of the opinion that the changes do not go far enough to prevent vague claim language from appearing in patents, while others were concerned about how making § 112(f) any more strict would impact the length and complexity of specifications for computer-implemented inventions.

• One proposal briefly discussed was to allow § 101 challenges in the USPTO's *Inter-Partes Review* (IPR) proceedings. This would address at least some of the apprehension over the cost of defending a patent suit.

• The best line of the hearings came from Robert Armitage, an intellectual property consultant, who made an analogy between to solving the problem of "bad patents" with the current § 101 and solving the housing crisis with the bubonic plague.

• Senators Tillis and Coons are knowledgeable about the issues at hand and were engaged throughout.

So where is the legislation going to go from here? The Senators seemed swayed by the end of the third day that they had perhaps gone too far in eliminating the judicial exceptions, and indicated that they would introduce some version thereof back into the next iteration of the bill. Senator Coons also supported a stronger experimental use and research exception to provide a safe harbor for basic research.

Additionally, there seems to be consensus that § 112, rather than § 101, should be used to address claim breadth. How this will make its way into the bill is unclear, though it appears that functional claim language will attain disfavored nation status.

A wildcard is how the Senators will attempt to handle the issue of abusive litigation. They repeatedly asked the witnesses to suggest ways of tamping down on lawsuits brought with subpar patents without using § 101, but there were few concrete suggestions.

The Senators aim to provide a revised bill this summer. Assuming no other revisions from the Subcommittee, this bill would have to survive review of the full Senate and also be passed by the House of Representatives. Given the earnestness with which Senators Tillis and Coons are addressing this issue, there is a reasonable chance that the bill will move forward quickly. Or, viewing the matter a tad more cynically, this is one of the few issues with bipartisan support in our current Congress. Thus, it may be a way for that body to show at least some legislative accomplishments. In any event, stay tuned.