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Amendment or Abolition of 35 U.S.C. § 101

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April 15, 2016

Suggestions to amend or abolish 35 U.S.C. § 101 of the Patent Act are increasing in light of the number of software and biological patents invalidated after the Supreme Court's *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) and *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012) decisions, which have been used aggressively to challenge the subject matter eligibility of patents. Section 101 defines patent eligible subject matter to be "any new and useful process, machine, manufacture, or composition of matter." Courts have created judicial exceptions to patent eligible subject matter so that a patent will not wholly preempt a natural law, natural phenomenon or product, or an abstract idea, and thereby foreclose future innovation.

In a rare instance since *Alice*, earlier this week a court denied a motion for summary judgment that a software patent is directed to unpatentable subject matter. In *SRI Int'l Inc. v. Cisco Sys. Inc.*, No. 1-13-cv-01534 (D. Del. Apr. 11, 2016), Judge Robinson held that SRI's network security patents satisfied both steps of the *Alice* test.

First, the claims were not directed to a patent ineligible concept (laws of nature, natural phenomena, or abstract ideas). The Court stated: "That Cisco can simplify the invention enough to find a human counterpart …does not suffice to make the concept abstract, as '[a]t some level, all inventions …embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.'" Second, the claims provide an inventive concept by describing a specific and non-routine solution that is "more complex than 'merely recit[ing] the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet,' and are better understood as being 'necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.'" In particular, Judge Robinson used *DDR Holding, LLC. v. Hotels.Com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) as a benchmark for its explanation of the second step of the *Alice* analysis, noting: "Since providing that explanation, the Federal Circuit has not preserved the validity of any other computer-implemented invention under § 101."

Implicitly acknowledging the rarity of its non-invalidity ruling, the Court remarked: "At their broadest, the various decisions of the Federal Circuit would likely ring the death-knell for patent protection of computer-implemented inventions . . . ." The Court's "death-knell" remark is supported by statistics that show how effectively Section 101 has been used recently to invalidate patents. Overall, courts have granted over 70% of motions related to invalidity under Section 101, the average number of patents invalidated each year based on Section 101 has increased eight times since *Alice* was decided, and the Patent Trial and Appeal Board has invalidated 100% of the patents under the Covered Business Method reviews that were based on Section 101 challenges. Further, during an audience polling exercise at the recent Federal Circuit Judicial Conference, a high percentage of the attendees indicated that the application of Section 101 is a significant concern in patent law.

In response to the considerable impact Section 101 has had of late, an increasing number of IP professionals are suggesting to amend Section 101 or abolish it altogether. Eli Lilly & Co. and several other pharmaceutical companies filed an amicus brief arguing that the Supreme Court should remove the judicial exceptions to Section 101 because other areas of the Patent Act can function to prevent patenting laws of nature, natural phenomena, and abstract ideas. In a comment made during the Federal Circuit Judicial Conference, the former director of the U.S. Patent and Trademark Office, David Kappos, echoed a similar sentiment, pointing out that Europe and Asia do not have the equivalent of Section 101 and manage to constrain patent eligible subject matter. Some organizations are proposing that Congress amend Section 101 to define patent eligible subject matter more broadly, require evaluation of patent eligible subject matter for the invention as a whole, and prohibit considering issues related to other areas of the Patent Act (Sections 102, 103, and 112) when determining patent eligibility under Section 101.

Based on the recent application of Section 101 and the strong opposition it is provoking, we will continue to monitor further developments. In the meantime, many patents, particularly in the life sciences, business methods and software fields, continue to be at risk.

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