

3 Patent Eligibility Statute Proposals — And An Alternative

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The Intellectual Property Owners Association, American Intellectual Property Association and American Bar Association have each announced proposals to amend the statutory provision for “inventions patentable” under 35 U.S.C. § 101. Although well intentioned in the face of a difficult task, any of the proposals, if enacted, would most likely only add to the confusion currently surrounding patent eligibility under this section.

The first section of this article will introduce 35 U.S.C. § 101 as it now stands and will compare these proposals. The second section will analyze these proposals and outline some possible implications, particularly in view of recent jurisprudence. The final section will introduce an alternative to the proposed revisions, which would be to not amend § 101 but, rather, for the Supreme Court to understand that “preemption doctrine,” which is the basis for the Court’s current application of patent eligibility under § 101, is unnecessary in view of the statutory test for non-obviousness under 35 U.S.C. § 103.



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The IPO, ABA and AIPLA Proposals

Between February and May of this year, each of the IPO, ABA, and AIPLA announced legislative proposals for amendment of 35 U.S.C. § 101, titled “Inventions patentable.” All of the proposals are intended to correct jurisprudence that is viewed as “unfortunate,”^[1] “improper,”^[2] or “bad law,”^[3] including that of the U.S. Supreme Court. Consequently, as stated by the ABA, “[r]ecent Supreme Court 101 opinions ... have injected ambiguity into the eligibility determination.”^[4]

On its face, 35 U.S.C. § 101 is straightforward, and reads as follows:

§ 101 Inventions patentable

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.

In *Alice Corp. Pty. Ltd. v. CLS Bank Int’l.*,^[5] the Supreme Court recently articulated a two-part test for patent eligibility under § 101. In addition to being a “process, machine, manufacture, or composition of matter,” the court stated that claimed subject matter, if “directed to” a “law of nature, natural

phenomenon, or abstract idea,” must also include something “significantly more,” that is, an “invention” or an “inventive concept.”[6]

With some variation among them, the proposals by the IPO, AIPLA and ABA all retain much of the language of the single sentence of current § 101. None of the proposals, for example, advocate changing any of the statutory categories of “process, machine, manufacture, composition of matter, or any useful improvement.” Further, they all delete the requirement that the invention or discovery be “new” and, separately, substitute the phrase, “may obtain,” with “shall be entitled to” a patent for that subject matter. The IPO and AIPLA proposals both specify that entitlement to a patent shall be subject only to the conditions and requirements “set forth in this title.” The ABA proposal employs a slight modification of the same language, but which, in substance, is essentially the same. (The proposed revisions to § 101 by the IPO, AIPLA and ABA, showing the proposed changes to the existing statute in underlined (additions) and strike-through (deletions), appear at the end of this article.)

The most significant change in the three proposals is additional language that spells out “exceptions” to the patent eligibility of useful processes, machines, manufactures, or compositions of matter. All three proposals “replace” the current framework laid out by the Supreme Court by broadly retaining the exceptions, but eliminating the two-part test of Alice.

Both the IPO and AIPLA propose two new subsections, (b) and (c), titled “Sole Exception to Subject Matter Eligibility” and “Sole Eligibility Standard,” respectively. The IPO, under subsection (b), excepts from eligibility claimed subject matter that would be “understood by a person having ordinary skill in the art to which the claimed invention pertains” as existing “in nature independently of or prior to any human activity.” Subsection (b) of the AIPLA proposal excepts claimed subject matter from eligibility if it “exists in nature independent of and prior to any human activity.” These proposals also except from eligibility claimed subject matter that “exists,” or “can be performed,” “solely in the human mind.” Further, both the IPO and AIPLA proposals consider eligibility in view of the “claimed invention as a whole.”

Subsection (c) of the IPO and AIPLA proposals are virtually identical in language. Both state that eligibility of the claimed invention is to be determined “without regard as to the requirements or conditions of sections 102 [novelty], 103 [non-obviousness], and 112 [patent application specification].” Both proposals also parallel the requirement for nonobviousness under 35 U.S.C. § 103, that “[p]atentability shall not be negated by the manner in which the invention was made,” by specifying that “[t]he eligibility of a claimed invention ... shall be determined without regard as to ... the manner in which the claimed invention was made or discovered, or whether the claimed invention includes an inventive concept.”

The proposal by the ABA consolidates the substance of the second and third subsections proposed by the IPO and AIPLA into a single subsection “(b) Exception.” Employing somewhat different language than the IPO and AIPLA proposals, the ABA proposal would bar eligibility of claimed subject matter where the “scope of exclusive rights” would “preempt the use by others of all practical applications of a law of nature, natural phenomenon, or abstract idea.” Subsection (b) of the ABA proposal also states that, “upon consideration of those claims as a whole,” eligibility “shall not be negated” when the subject matter of those claims is a “practical application of the law of nature, natural phenomenon, or abstract idea.” Finally, subsection (b), as with the proposals by the IPO and AIPLA, specifically requires that “[e]ligibility 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.”

Some Implications of the Proposals by the IPO, ABA and AIPLA

As discussed above, the bulk of the substantive changes in all three proposals lies in the paragraphs added, which identify the exceptions and the eligibility standards to be applied, and an explicit requirement that the “claimed invention” be considered “as a whole.” The IPO and AIPLA both propose that exceptions be limited to inventions that either exist “in nature independently of and prior to any human activity,” or “solely in human mind.” The ABA proposal captures essentially the same idea by excepting claimed subject matter that “would preempt the use by others of all practical applications of the law of nature, natural phenomenon, or abstract idea.” While the IPO alone invokes a threshold level of understanding by “a person having ordinary skill in the art to which the claimed invention pertains,” all three proposals explicitly partition considerations of eligibility from the bases for patentability under §§ 102, 103, and 112, and the presence of an “inventive concept.” The substantive pillars on which the three proposals rest, therefore, include consideration of the claimed invention as a whole, strict limitation of exceptions to laws of nature, natural phenomena and abstract ideas (such as exist “solely in the human mind”), and independence of eligibility considerations from the requirements for novelty, nonobviousness and the patent application specification, and from the presence of an “inventive concept.”

Justification for each of these supporting pillars was provided in explanatory materials released with each proposal, which explained that the proposed changes were rooted in dissatisfaction with decisions by the Supreme Court, primarily *Bilski v. Kappos*,^[7] *Mayo Collaborative Services v. Prometheus Labs*,^[8] *Association for Molecular Pathology v. Myriad Genetics Inc.*,^[9] and *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*,^[10] all of which were decided since 2010. Among the concerns expressed was a “regression”^[11] that began with the Supreme Court’s decision in *Bilski* holding that claims for a method of protecting transactions against risk associated with price fluctuations were directed to an “unpatentable abstract idea” of “classic commodity hedging that has been going on for centuries.”^[12] For the IPO, AIPLA and ABA, *Bilski* contravened the dictate of an earlier Supreme Court case, *Diamond v. Diehr*,^[13] that it is “inappropriate to dissect the claims into old and new elements.” The three proposals attempt to correct *Bilski* legislatively by amending § 101 to mandate that a claimed invention be considered “as a whole.”

However, any of the proposals by the IPO, ABA and AIPLA may prompt several unintended new issues if enacted. Considering a claimed invention “as a whole,” for example, may not be straightforward in practice. Specifically, closer inspection of *Bilski* and *Mayo* indicate that the Court in both cases believed they were observing the need expressed in *Diehr* “to consider the invention as a whole, rather than ‘dissect[ing] the claims into old and new elements and then ... ignor[ing] the presence of the old elements in the analysis.’”^[14] The court in *Mayo* went even further, not only acknowledging this requirement of *Diehr*, but dismissing the government’s argument, “whereby virtually any step beyond a statement of a law of nature itself should transform an unpatentable law nature into a potentially patentable application sufficient to satisfy § 101’s demands.”^[15] Therefore, while the IPO, ABA and AIPLA may view the Supreme Court as contradicting *Diehr* by not considering the “claims as a whole,” it appears that, at least in the purportedly offending cases of *Bilski* and *Mayo*, the court did not understand that to be the case. This, in turn, might mean that explicitly requiring claims be “considered as a whole” in a revised § 101 may not have any effect on the reasoning of courts.

Use of the phrase, “as a whole,” in combination with other proposed substantive changes to § 101 may also have consequences that are unintended. For example, a question may exist as to whether the phrase, “exists in nature independently of and prior to any human activity,” of the IPO and AIPLA proposals embraces or excludes isolated nucleic acids, which were determined to be ineligible under §

101 by the court in *Myriad*. Specifically, while a sequence of nucleotides that make up a claimed isolated nucleic acid may occur in nature, the state of isolation of that sequence does not. So, under the language of the IPO and AIPLA proposals, there may be a question as to what would determine “independent” existence in nature when considering the claims “as a whole,” the sequence of nucleotides, or the fact of isolation?

The ABA proposal captures essentially the same idea in somewhat different language, whereby claimed subject matter would be excepted from eligibility if it “would preempt the use by others of all practical applications of the law of nature.” Would the fact of isolation override the “law of nature” embodied in the sequence of nucleotides of the isolated nucleic acid when assessing “practical application” of claimed subject matter “considered as a whole”? Further, the phrase, “all practical applications,” might seem to suggest utility, which is already embodied as a doctrine under § 101 in the requirement that any invention or discovery be “useful.”[16] When considering claims “as a whole” within the context of § 101, determination of “practical applications of a law of nature” may overlap with established jurisprudence associated with utility or take on an altogether new meaning.

An exception to eligibility for subject matter that exists or can be performed, “solely in the human mind,” as recited in the IPO and AIPLA proposals, may provide a separate basis for contention. As written, the phrase does not state whether the excepted subject matter exists “solely in the human mind” as a consequence of its context in the claim or whether, by its nature, it can exist “solely in the human mind.” Further, while it is true that a first portion of subparagraph (b) of both proposals applies the precondition that the claimed invention be considered as a whole, the phrases, “exists solely in the human mind” and “can be performed solely in the human mind,” are partitioned from the remainder of the paragraph in each of the respective IPO and AIPLA proposals by a comma. In either instance, it is possible that even the presence of this comma in each case could be a topic for litigation, whereby the requirement that the “claimed invention” be considered “as a whole” might not apply to subject matter that exists or can be performed “solely in the human mind.”[17]

Although the IPO and AIPLA proposals share the same exception for subject matter that “exists solely in the human mind,” the introductory letters for the proposals differ in the logic and meaning of the phrase. The IPO, for example, in its introductory letter supported this exception with what they believe to be a judicial misconception. According to the IPO, the Supreme Court in *Gottschalk v. Benson* improperly shifted “from invalidating claims that were necessarily mental in nature to steps that could be mentally performed.”[18] The IPO stated the Supreme Court in *Gottschalk* was incorrect in understanding that a digital computer solves “a problem by doing arithmetic as a person would do it by head and hand.”[19] Contrary to the court in *Gottschalk*, the IPO asserted that “procedures performed by computer are different both in form and process from what a human does, even if both would ultimately achieve the same results.”[20] For the IPO, processes conducted by a computer are, by definition, not “necessarily mental in nature” and should not be excepted from eligibility.[21] The limitation of “exists solely in the human mind,” therefore, is intended by the IPO to except from eligibility only those processes that would necessarily require a human mind as opposed to, for example, mental processes that could be performed by a computer.

The AIPLA, on the other hand, while also specifying that the exception applies to subject matter that occurs “solely in the human mind,” nevertheless is unclear as to whether this exception would apply by virtue of the nature of the subject matter or only as that subject matter is claimed.[22] Like the IPO, the AIPLA states in their introductory letter that, “[u]nless the claimed steps could be performed only in the human mind, they would be examined under the traditional patentability requirements of novelty, non-obviousness, written description, and enablement.”[23] On the other hand, the AIPLA also states that

the “exception, for example, does not apply when any part of a claim requires the use of a physical device such as computer hardware or involves a physical test such as a diagnostic assay.”[24] Generally, for the AIPLA, because the “proposal abandons any inquiry into the ‘abstract’ nature of claims, patent eligibility would no longer be the tool for policing method claims that are implemented by conventional or routine hardware, be it a general purpose computer or pencil and paper.”[25]

Interpretation of the same phrase, “solely in the human mind,” therefore, differs between the IPO and the AIPLA. Method steps that would necessarily require the human mind under the IPO interpretation of this phrase could not, by definition, be practiced by a physical device. The AIPLA interpretation, to the contrary, only excludes exception from patent eligibility subject matter that, as claimed, requires a physical device. This leaves open the issue of how to treat a method step that could be conducted by a physical device rather than the human mind but, as claimed, does not require a physical device or, as claimed, precludes use of a physical device. When considering the introductory letters of the IPO and the AIPLA together, it is not clear whether the phrase “solely in the human mind” excepts subject matter that does not specifically call out, or precludes the use of a physical device, such as computer hardware or a physical test. In view of the logic of the IPO, excepting only subject matter that “must necessarily be performed in the human mind,” and that of the AIPLA, excepting claimed subject matter that, as claimed, requires the use of a physical device, it is apparent that there may be a basis for contention in the interpretation of even the simple phrase, “solely in the human mind.”

Another possible issue might be recitation in the IPO proposal of exceptions to eligibility “as understood by a person having ordinary skill in the art to which the claimed invention pertains.” Use of the standard of “ordinary skill in the art,” according to the IPO, is drawn from tests for obviousness, enablement, claim construction, written description and the doctrine of equivalents.[26] Although the IPO is correct that this phrase is used in other areas of patent law, the IPO incorrectly stated that it is a “standard, objective viewpoint for evaluating the conditions of patentability.” Rather, it is a phrase that has different meanings depending upon the context and, even within a particular context, may be controversial and evolve over time.[27] Introduction of “a person having ordinary skill in the art” as a standard for determining exceptions to patent eligibility might provoke its own basis for dispute.

Another commonality among the proposals is a requirement that eligibility “be determined without regard as to the requirements or conditions of sections 102, 103, and 112 of this title,” as stated by the IPO and AIPLA, or that “[e]ligibility under this section 101 shall not be negated based on considerations of patentability as defined in sections 102, 103 and 112,” as stated by the ABA. Part of the justification, at least according to the AIPLA, is to avoid “conflating the patent eligibility inquiry” with the “well-developed, rigorous analysis required by Sections 102, 103, and 112.”[28] Presumably, the intent is to prevent considerations related to obviousness under § 103, for example, from being factored into patent eligibility under § 101. But do the proposals necessarily accomplish that goal?

The phrases proposed by the IPO and AIPLA can be taken to mean either that the mechanism for determining eligibility under § 101 and the “conditions of patentability” of §§ 102, 103, and 112 are to be mutually exclusive or, alternatively, that they may overlap but are to operate independently of each other. If eligibility is to be exclusive of considerations found in §§ 102, 103 and 112, then courts might be hard-pressed to avoid such an analysis, particularly given the similarity of some of the language of the proposals with the language of statutory nonobviousness under § 103, and even enablement under § 112. If, instead, eligibility is to be considered independent of §§ 102 and 103, then this proposed language may have little or no effect in practice. For example, in *Mayo*, while the court admitted that “the § 101 patent eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap,” the court also made clear that this “need not always be so,” indicating that the court’s eligibility analysis, at

least in its own view, was already independent of analyses conducted under other sections of Title 35. [29] All of this suggests that explicitly requiring eligibility “be determined without regard as to,” or “not be negated based on consideration of patentability as defined in §§ 102, 103, and 112,” may also introduce confusion.

Regarding its proposed § 101(b), the AIPLA makes the statement that “dictionary definitions of ‘machine,’ ‘manufacture,’ and ‘composition of matter’ contemporaneous with their introduction into the patent statute in 1790-1793 all share the concept of human effort.”[30] However, unless it is meant solely as the fact of human contribution as opposed to the degree of human effort applied, any suggestion that patent eligibility is dependent upon human effort contradicts the requirements of both the IPO and AIPLA’s proposals that eligibility be determined without regard as to “the manner in which the claimed invention was made or discovered.” Regardless, if “human effort” is to be interpreted as a relative function that contributes to the meaning of “machine,” “manufacture” and composition of matter” under § 101, as opposed to an absolute fact, then this too might be a basis for contention.

Finally, all three proposals specify that eligibility is to be considered without reference to whether the claims include or define an “inventive concept.” This attempt to eliminate a source of confusion consequent to recent decisions by the Supreme Court may also have unintended effects. By excluding consideration of an “inventive concept” under § 101, the three proposals might open the door to reversing holdings that superficially may appear to have been made using a standard of “inventive concept” prohibited under § 101, despite explicit assertions in those opinions that the holdings were made on the basis of conditions for patentability under any of §§ 102, 103 and 112. This is a particularly sensitive hazard in view of the current perceived “overlap” of existing § 101 jurisprudence with nonobviousness under § 103. For example, if, in holding that claimed subject matter is unpatentable under 35 U.S.C. § 103, a court uses language that resembles any part of the two-step eligibility test currently employed by the Supreme Court in *Mayo* and *Alice*, then a possibly otherwise appropriate holding of statutory obviousness might be reversed as being, in effect, an inappropriate determination of ineligibility under an amended § 101.

Overall, the proposals by the IPO, AIPLA, or ABA have the potential for counterproductive consequences, including that:

1. Courts may interpret new statutory requirements, such as treating a “claimed invention as a whole,” as having been faithfully observed to-date by judicial precedent, thereby minimizing any effect on future jurisprudence;
2. Language inserted to eliminate confusion, such as the meaning of “solely in the human mind,” may have the opposite effect; and
3. Explicitly excluding certain considerations, such as analyses that may overlap with other sections of the patent statute, may prompt new bases for future litigation.

In essence, advocates of reform and Congress should carefully consider the implications of any amendments to the straightforward language of § 101. It is language that has remained essentially undisturbed since its introduction with enactment of the Patent Act of 1790.[31]

An Alternative

An alternative, of course, is to not amend § 101. This is not to say, by any means, that the current

jurisprudence of patent eligibility in the United States is without problems. Rather, a different assessment of eligibility might begin with a comparison of the recent doctrine of “preemption” with two earlier, and now defunct doctrines of “new use” and “aggregation.” These earlier doctrines were spawned by English case law that was predicated on the meaning of “manufacture” under the Statute of Monopolies of 1623 in the landmark cases of *Boulton & Watt v. Bull*[32] and *Hornblower & Maberly v. Boulton & Watt*,[33] which were heard in the Court of Common Pleas and the Court of King’s Bench, respectively. Pursuant to the dicta in these cases, methods of use ultimately were held to be equivalent to “manufactures” under the Statute of Monopolies as applications of principle.

However, “new uses” of known devices were considered to be problematic when manufactures were considered to be embodiments of all applications of principle to which they could be put. In other words, while a new method, in itself, might be eligible for patent protection, it would be so only if the device that it employed was itself also new. Exceptions eventually developed for new uses of known devices that were not “analogous” to previously known uses. Similarly, “aggregations,” which were combinations of distinct and well-known applications of principle that achieved no single purpose, were also considered ineligible for patent protection as lacking a new application of principle. The test for eligibility as new applications of principle under both “new use” and “aggregation” doctrines was the presence of “invention.”[34]

With the Patent Act of 1952, § 31 of Title 35 of the United States Code (previously known as § 4886 of the Revised Statutes of 1874) was split into what now make up the criteria for eligibility and utility under § 101 and novelty under § 102. A new section for “nonobviousness” was introduced as § 103. Thereafter, “new use” and “aggregation” were no longer considerations of eligibility, nor were they considered to be viable doctrines under patent law. As stated by Judge Learned Hand, the “definition of invention” was “now expressly embodied in § 103.”[35]

If the “definition of invention” had remained confined to 35 U.S.C. § 103 after the enactment of the Patent Act of 1952, subsequent struggles with inventive applications of “laws of nature, natural phenomena, and abstract ideas” would have been limited to the “conditions for patentability” of novelty and nonobviousness set forth under 35 U.S.C. §§ 102 and 103, respectively, thereby rendering any revision to §101 irrelevant. Instead, “preemption” was coined a distinct doctrine, as such, in *Gottschalk v. Benson*, which was decided in 1972. [36] There, the court held that patenting a computer program would “wholly pre-empt the mathematical formula and in practical effect be a patent in the algorithm itself.”[37] Later, the court in *Mayo* directly linked preemption to “innovation” associated with application of, for example, “natural law,”[38] and concluded by firmly placing the issue of preemption in the realm of “patent eligibility”:

The presence here of the basic underlying concern that these patents tie up too much future use of laws of nature simply reinforces our conclusion that the processes described in the patents are not patent eligible, while eliminating any temptation to depart from case law precedent. ...

These considerations lead us to decline the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101. [39]

The court in *Alice* reiterated “preemption” as underlying basis for excluding “laws of nature, natural phenomena, and abstract ideas”:

“We have long held that this provision [§ 101] contains an important implicit exception: Laws of nature, natural phenomenon, and abstract ideas are not patentable.” We have interpreted § 101

and its predecessors in light of this exception for more than 150 years. *** We have described the concern that drives this exclusionary principle as one of preemption. [40]

The court then crystallized the requirements expressed in Mayo as the now-familiar two-part test that hinged patent eligibility under 35 U.S.C. § 101 on the presence of an “‘inventive concept’ — i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’”[41]

Like “new use” and “aggregation,” preemption doctrine, therefore, imposes a test for the presence of “invention” but, unlike those earlier doctrines, has not been absorbed by the statutory provision of nonobviousness (§ 103). There has never been a satisfactory explanation by the Supreme Court as to why “invention” cannot be confined within the conditions for patentability of §102 and 103. This was a complaint among dissenting judges in Supreme Court cases after *Gottschalk v. Benson*. [42] The court’s more recent explanation, that other statutory provisions, such as §§ 102 and 103, say nothing of the law of nature, falls flat at least for the simple reason that there also is no such language in § 101. [43] Far from “risking greater uncertainty,” as asserted by the Supreme Court, [44] abandoning “preemption” doctrine under § 101 in favor of considerations of statutory novelty under § 102 and nonobviousness under § 103, respectively, would moot many of the concerns surrounding patent eligibility that currently prevail by relegating issues of “laws of nature, natural phenomena, and abstract ideas” to novelty under 35 U.S.C. § 102, and issues of “invention” to nonobviousness under 35 U.S.C. § 103. “Preemption” doctrine would then become defunct, just as “new use” and “aggregation” doctrines did following the Patent Act of 1952.

Conclusion

The recent proposals made by the IPO, ABA and AIPLA are all likely to have unintended consequences that will heighten rather than resolve the uncertainty associated with patent eligibility under 35 U.S.C. § 101. “Preemption,” as a doctrine, which was first articulated by the Supreme Court in *Gottschalk v. Benson*, has become a lightning rod under the two-part test of *Alice* for confused notions about patent law, incorporating doctrines related to statutory novelty, nonobviousness, and enablement, among others. Absent an elegant revision to § 101 that would obviate the uncertainty that currently surrounds patent eligibility under 35 U.S.C. § 101 without creating new problems of interpretation, “preemption doctrine” should be abandoned in favor of the existing “definition of invention ... now expressly embodied in § 103.” [45]

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[1] See, for example, letter of March 28, 2017 to the Honorable Michele K. Lee from Donna P. Suchy, Section Chair, American Bar Association, Section of Intellectual Property Law (“Unfortunately, the test announced by the Court in *Mayo* and *Alice* has led the lower courts to lose sight of the fundamental preemption concern that has driven patent eligibility jurisprudence.”)(Hereinafter “ABA Proposal”)

[2] AIPLA Legislative Proposal and Report On Patent Eligible Subject Matter, May 12, 2017, at page 3 (“However, the Supreme Court established judge-made rules of ineligibility that have improperly imported the conditions of patentability found in Sections 102, 103, and 112 of the Patent Act into wholly distinct eligibility standards found in Section 101”)(Hereinafter “AIPLA Proposal”)

[3] IPO Proposed Amendments to Patent Eligible Subject Matter Under 35 U.S.C. § 101, February 7, 2017, at page 2 (“The analysis developed in the 101 Decisions is contrary to Congressional intent, too restrictive, technologically incorrect, unsound from a policy standpoint, and bad law.”)(Hereinafter “IPO Proposal”)

[4] ABA at 2.

[5] *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S.Ct. 2347 (2014).

[6] *Id.* at 2355.

[7] *Bilski v. Kappos*, 561 U.S. 593, 130 S. Ct. 3218 (2010).

[8] *Mayo Collaborative Services v. Prometheus Labs*, 566 U.S. 66, 132 S. Ct. 1289 (2012).

[9] *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107 (2013).

[10] 134 S. Ct. 2347 (2014).

[11] IPO Proposal at 10 (“[B]y including a novelty/obviousness-type analysis in its holding under § 101, the *Bilski* opinion began a regression toward a subjective inventive analysis essentially identical to the inventiveness standard that was eliminated by the 1952 Act.”)

[12] *Id.* quoting Official Transcript of Proceeding Before The Supreme Court of the United States for Case No. 08-964 at 10, lines 16-18, available at http://www.supremecourt.gov/oral_arguments/argument_transcripts/08-964.pdf/)

[13] IPO at 9, quoting *Diamond v. Diehr*, 450 U.S. 175, 188 (1981)

[14] *Bilski*, at 3230, quoting *Diehr* at 188; *Mayo*, at 1304, quoting *Diehr* at 188.

[15] *Mayo*, at 1303.

[16] See, for example, *Pierce, N.S., In re Dane K. Fisher: An Exercise in Utility*, 6 J. High Tech. L. 1 (2006).

[17] For example, in the case of the IPO proposal, the paragraph, with and without the comma, is reproduced below:

A claimed invention is ineligible under subsection (a) if and only if the claimed invention as a whole, as understood by a person having ordinary skill in the art to which the claimed invention pertains, exists in nature independently of and prior to any human activity, or exists solely in the human mind.

A claimed invention is ineligible under subsection (a) if and only if the claimed invention as a whole, as

understood by a person having ordinary skill in the art to which the claimed invention pertains, exists in nature independently of and prior to any human activity or exists solely in the human mind.

There is judicial precedent in patent law for disagreement about the impact on the meaning of a statutory provision by the placement of a comma. For example, the presence of a comma in 35 U.S.C. § 112 was the basis for Judge Markey's dissent in *In re Barker*, 559 F.2d 588, 594 (CCPA 1977). Judge Markey argued that the comma should have made the so-called "written description requirement" of 35 U.S.C. §112, first paragraph, a function of the "enablement requirement" of the same paragraph if properly read. As stated by Judge Markey:

Section 112, first paragraph, is a simple sentence, with a comma after "it," making the phrase "in such full *** the same" as a modifier of both objects of the verb "contain." All before that comma prescribes what shall be described. The phrase following the comma prescribes how and for whom it shall be described.

559 F.2d at 594 (C.C.P.A 1977) (Markey, J., dissenting).

[18] IPO Proposal at 25.

[19] *Id.* at 24, quoting *Gottschalk* at 67, n.3 (citing R. Benrey, *Understanding Digital Computers* 4 (1964)).

[20] *Id.*

[21] *Id.*

[22] AIPLA Proposal at 15.

[23] *Id.*

[24] *Id.* (emphasis added).

[25] *Id.*

[26] IPO at 31.

[27] See, e.g., Burk, D.L., et al., *Is Patent Law Technology-Specific?* *Berkeley Technology Law Journal*, Vol. 17, Issue 4, 1158, 1196, 1205 (2002) ("In each case [biotechnology and software industries], application of the PHOSITA [person having ordinary skill in the art] standard has led to an industry-specific outcome that seems exactly the wrong one for the particular industry. *** [A]rguably it makes sense that the ordinary inventor of Section 103 be a very different person – with a different knowledge set – from the ordinary user of Section 112. Divorcing the two inquiries could allow each standard the freedom to independently accommodate the incentive needed by a given industry."); and Pierce, N.S., *Common Sense: Treating Statutory Non-Obviousness as a Novelty Issue*, *Santa Clara Computer High Technology Law Journal*, Vol. 25, No. 3 (2009) 539, 579. ("In essence, Justice Nelson [in *Hotchkiss v. Greenwood*, 52, U.S. (11 How.) 248 (1850)] turned Justice Story's analysis in *Allen v. Blunt* [1 F. Cas. 448 (C.C.D. Mass. 1845) (No. 216)] on its head by converting the level of skill of the 'ordinary mechanic' or 'mere artisan' from evidence of enablement into a test for patentable distinction."); see also *Reine v. I. Leon Col., Inc.*, 285 F.2d 501, 503-504 (2d Cir. 1960) ("The test laid down is indeed misty enough. It directs us to surmise what was the range of ingenuity of a person 'having ordinary skill' in an 'art' with which we are totally

unfamiliar....”)

[28] APILA Proposal at p. 15.

[29] Mayo at 1304.

[30] AIPLA Proposal at 14.

[31] Patent Act of 1790, ch. 7, 1 Stat. 109-12 (Apr. 10, 1790) (repealed 1793) (current version at 35 U.S.C. §101 (2011) (“That ... any person [who] hath or have invented or discovered any useful art, manufacture, engine, machine or device, or any improvement therein not known before or used ... may be granted therefore... letters patent...”)

[32] *Boulton & Watt v. Bull* (1795) 126 Eng. Rep. 651; 2 H. Bl. 463.

[33] *Hornblower & Maberly v. Boulton & Watt*, (1799) 1010 Eng. Rep. 1285, 8 T.R. 95.

[34] *Leroy v. Tatham*, 55 U.S. (14 How. 156, 174-175). See, for example, Justice McLean’s distinction between “principle” in the abstract and its application, as articulated in the 1853 case of *Leroy v. Tatham*:

The word principle is used by elementary writers on patent subjects, and sometimes in adjudications of courts, with such a want as to mislead. It is admitted, that a principle is not patentable. A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right. Nor can an exclusive right exist to a new power, should one be discovered in addition to those already known...

In all such cases, the processes used to extract, modify, and concentrate natural agencies constitute the invention. The elements of the power exist; the invention is not in discovering them, but in applying them to useful objects.

See also *Diamond v. Chakrabarty*, 447 U.S. 303, 309; 100 S. Ct. 2204, 2208 (1980) (“The laws of nature, physical phenomena, and abstract ideas have been held not patentable.”); *Gottschalk v. Benson*, 409 U.S. 63, 67; 93 S. Ct. 253, 255 (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”); and *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130; 68 S. Ct. 440, 441 (1948) (“For patents cannot issue for the discovery of the phenomena of nature.... They are manifestations of laws of nature, free to all men and reserved exclusively to none.... If there is to be invention from such a discovery, it must come from the application of the law of nature to a new and useful end.”)

[35] *Lyon v. Bausch & Lomb Optical Co.*, 224 F. 2d 530, 535 (2d Cir. 1955).

[36] *Gottschalk v. Benson*, 409 U.S. 63, 72 (1972). See also, *Bilski*, 561 U.S. at 610 (“A contrary holding ‘would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself.’”) (quoting *Gottschalk*, 409 U.S. at 72.)

[37] *Gottschalk*, 409 U.S. at 72 (emphasis added).

[38] Mayo, 132 S. Ct. at 1301.

And so there is a danger that the grant of patents that tie up their use [of laws and principles] will inhibit future innovation premised upon them, a danger that becomes acute when a patented process amounts to no more than an instruction to “apply the natural law,” or otherwise forecloses more future invention than the underlying discovery would reasonably justify.

[39] Id. at 1302-1304.

[40] Alice, 134 S. Ct. at 2354 (quoting Bilski, 561 U.S. 593 at 611-612, 130 S. Ct. 3218 (2010)).

[41] Alice, 134 S. Ct. at 2355 (quoting Mayo, 566 U.S. at 72; 132 S. Ct. at 1294).

[42] See, e.g., Diamond v. Diehr, 450 U.S. 175, 210-211 (1981) (“Manifestly, neither of these differences can explain today’s holding. What I believe does explain today’s holding is a misunderstanding of the applicant’s claimed invention and a failure to recognize the critical difference between ‘the discovery’ requirement in § 101 and the ‘novelty’ requirement in § 102.”) (Stevens, J., dissenting).

[43] See Mayo, 132 S. Ct. 1289, 1304 (2012) (“But §§ 102 and 103 say nothing about treating laws of nature as if they were part of prior art when applying those sections.”).

[44] Id. As stated by the Court:

We recognize that, in evaluating the significance of additional steps, the § 101 patent eligibility inquiry and say, the § 102 novelty inquiry might sometimes overlap. But that need not always be so. And to shift the patent eligibility inquiry entirely to those later sections risks creating significantly greater uncertainty, while assuming that those sections can do work that they are not equipped to do.

[45] Lyon v. Bausch & Lomb Optical Co., 224 F.2d 530, 535 (2d Cir. 1955).

Appendix

The revisions proposed by the IPO and the ABA are as follows:

IPO proposal:

101 (a) ELIGIBLE SUBJECT MATTER

Whoever invents or discovers, and claims as an invention, any ~~new and~~ useful process, machine, manufacture, composition of matter, or any ~~new and~~ useful improvement ~~thereof~~, may thereto, shall be entitled to obtain a patent therefor for a claimed invention thereof, subject only to the exceptions, conditions, ~~of~~ and requirements set forth in ~~of~~ this Title.

101(b) SOLE EXCEPTION TO SUBJECT MATTER ELIGIBILITY

A claimed invention is ineligible under subsection (a) if and only if the claimed invention as a whole, as

understood by a person having ordinary skill in the art to which the claimed invention pertains, exists in nature independently of and prior to any human activity, or exists solely in the human mind.

101(c) SOLE ELIGIBILITY STANDARD

The eligibility of a claimed invention under subsections (a) and (b) shall be determined without regard as to the requirements or conditions of sections 102, 103, and 112 of this Title, the manner in which the claimed invention was made or discovered, or the claimed invention's inventive concept.

Proposed Amendments to Patent Eligible Subject Matter Under 35 U.S.C. § 101, Intellectual Property Owners Assoc., Section 101 Legislation Task Force, February 7, 2017. (alterations emphasized);

ABA proposal:

101. ~~Inventions patentable:~~ Conditions for patentability: eligible subject matter.

(a) Eligible Subject Matter.- Whoever invents or discovers any ~~new and~~ useful process, machine, manufacture, or composition of matter, or any ~~new and~~ useful improvement thereof, ~~may shall be~~ entitled to obtain a patent therefor, subject to the on such invention or discovery, absent a finding that one or more conditions and or requirements under of 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.

Letter to The Honorable Michelle K. Lee from the American Bar Association, March 28, 2017 (alterations emphasized).

The text of section 101 as proposed by the AIPLA is as follows:

(a) Eligible Subject Matter. Whoever invents or discovers any new and useful process, machine, manufacture, ~~or~~ composition of matter, or any ~~new and~~ useful improvement thereof, ~~may obtain shall~~ be entitled to a patent therefor, subject only to the conditions and requirements ~~of~~ set forth in this title.

(b) Sole Exceptions to Subject Matter Eligibility. A claimed invention is ineligible under subsection (a)

only if the claimed invention as a whole exists in nature independent of and prior to any human activity, or can be performed solely in the human mind.

(c) Sole Eligibility Standard. The eligibility of a claimed invention under subsections (a) and (b) shall be determined without regard as to the requirements or conditions of sections 102, 103, and 112 of this title, the manner in which the claimed invention was made or discovered, or whether the claimed invention includes an inventive concept.

AIPLA Proposal on Patent Eligibility, May 12, 2017.

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