

PATENT AND TRADEMARK LAW

Expert Analysis

A Groundswell of Support For Strengthening Patent Rights

The America Invents Act (AIA) was enacted in 2011—after years of legislative efforts toward patent reform—and brought with it some of the most significant changes to the U.S. patent system most practitioners had seen in their lifetimes. The AIA affected nearly all facets of patent practice, but perhaps the most important change was the creation of the Patent Trials and Appeals Board (PTAB). The PTAB was heralded as the second-look review the patent system needed to address the expanding activities of patent trolls—entities that filed meritless, shakedown-style lawsuits, based on weak patents, to collect small settlements from many companies across industries.

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But some believe the PTAB has been *too* effective. Decried the “patent death squad,” critics have raised concerns that the PTAB, in practice, has been

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overkill, resulting in the invalidation of many good patents along with the bad and resulting in an unintended damping effect on U.S. patent rights on the whole.

In parallel, a number of recent decisions from the U.S. Supreme Court have meaningfully altered the scope and strength of patent rights and provided potent new defenses for those accused of patent infringement. Most notably, the Supreme Court’s decisions in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289 (2012), and *Alice Corp. v. CLS Bank Int’l.*, 573 U.S. 208, 134 S. Ct. 2347 (2014), limited the scope of subject matter that can be patented and have led to the invalidation of many patents asserted in litigation and licensing.

But momentum may now be building for movement back toward stronger patent rights, as lawmakers, spurred by patent system stakeholders, undertake efforts—both within Congress and without—to reinvigorate U.S. patents.

Recent Legislation

Title 35 U.S.C. §101 provides the statutory framework for the question of whether a given invention is of the type of subject matter that can be patented. The Supreme Court's decisions in *Mayo* and *Alice* interpreted this section and, in so doing, restricted the scope of subject matter that can be patented in the United States. But those decisions also brought a tide of uncertainty. Even the judges of the U.S. Court of Appeals for the Federal Circuit themselves have complained that they have applied "the test established by the Supreme Court as articulated in *Alice* because we are not permitted to do otherwise, even if we were to agree with some of the frustrations expressed [] as to existing §101 precedent." *Smart Systems Innovations v. Chicago Transit Authority et al.*, 873 F.3d 1364, n.5 (Fed. Cir. 2017).

Congress has heard the message. In April, Sens. Chris Coons and Thom Tillis, and Reps. Doug Collins, Hank Johnson, and Steve Stivers, released a bipartisan framework on §101 patent reform. (Tillis, "Draft Outline of Section 101 Reform"). The framework includes a number of provisions, including: (1) eliminating, within the subject

matter eligibility requirement, that any invention or discovery be "new and useful;" (2) creating a "practical application" test which ensures that statutory ineligible subject matter is construed narrowly; (3) abrogating judicially created exceptions to patent eligible subject matter in favor of exclusive statutory categories of ineligible subject matter; and (4) clarifying that eligibility is determined by considering each and every element of the claim as a whole and without regard to considerations properly addressed under other sections of the Patent Act, §§102, 103, and 112. *Id.*

These concepts are designed to address some of the key criticisms of the recent Supreme Court decisions, including the criticism that the Supreme Court's framework in *Alice* for patentability under §101, intended to address whether the invention falls within the type of subject matter for which a patent can be granted, strays too far into other areas, including questions more properly considered under §§102 and 103, such as whether an invention is sufficiently new to merit patenting.

These efforts at patent reform in Congress are not new. Congress in recent years has seen a number of bills intended to address patent

eligibility under §101 as well as the power of the PTAB. In June 2018, Representatives Thomas Massie (R-Ky.) and Marcy Kaptur (D-Ohio) introduced H.R. 6264—the Restoring American Leadership in Innovation Act (RALIA). The bill aimed to overturn a number of notable Supreme Court decisions from the past 20 years, including the Supreme Court's recent patent eligibility jurisprudence, and further aimed to restrict or repeal a number of provisions of the AIA, including the AIA provisions that established the PTAB. H.R. 6264, 115th Cong. (2018).

As another example, the STRONGER Patents Act (S. 1390), introduced in June 2017, sought to "strengthen the position of the United States as the world's leading innovator by amending Title 35 of the United States Code to protect the property rights of the inventors that grow the country's economy." S.1390, 115th Cong. (2017). A considerable majority of that bill was directed to curtailing the impact of the PTAB by changing the rules and standards for PTAB proceedings, including the standards for claim construction and ultimately invalidity, requiring that unpatentability be proven by the higher "clear and convincing evidence" standard that applies to questions of patent

invalidity when raised in district courts. S.1390, §102 (b).

Other Patent Reform Activity

Lawmakers also continue to pursue patent reform through broad ongoing dialog with stakeholders and Congressional hearings. Senators Tillis (R-N.C.) and Coons (D-Del.) have held a series of closed-door meetings with large corporations and organizations across the tech and pharma sectors, soliciting input on the state of §101. (Alex Edelman, House, “Senate Lawmakers Focus on Patent Eligibility Changes,” Bloomberg (Feb. 26, 2019)). Those meetings also coincided with hearings in the Senate Judiciary Subcommittee on Intellectual Property. Similar discussions are gaining traction in the House as well, as earlier this month Representative Johnson (D-Ga.), chair of the Judiciary Subcommittee on Courts, Intellectual Property and the Internet, conducted a hearing focused on the state of §101. (Press Release, “Rep. Johnson conducts oversight hearing on U.S. Patent & Trademark Office” (May 9, 2019)).

These efforts also extend beyond the halls of Congress. In April, Senators Coons and Tillis penned a joint bipartisan letter to

U.S. Patent and Trademark Office Director Andrei Iancu regarding the PTAB’s practice of allowing parties, even different parties, to repeatedly file “serial” petitions seeking to invalidate the same patents. (Letter from Thom Tillis and Christopher Coons, U.S. Senators, to Andrei Iancu, Director, USPTO (April 9, 2019)). The senators in that letter urged Director Iancu to “prioritize solutions to the problem of abusive serial petitions—multiple follow-on petitions attacking the same patent claims and asserting new or modified arguments—either by the same petitioner or different petitioners...[as] [t]hese petitions impose an undue burden on patent owners and harm innovation.” They argued that the PTAB “was envisioned as a second window to evaluate patents and an inexpensive alternative to district court litigation. Abusive serial petitioners were not part of that vision.”

The letter specifically requested that the PTAB designate as precedential its decision in *Valve Corp. v. Electronic Scripting Products*, IPR2019-00062 (PTAB April 2, 2019), which held that “serial and repetitive attacks,” including by different petitioners, are a factor that weigh against institution of a PTAB

proceeding. A month later, the PTAB designated that decision as precedential. Director Iancu, now a year into his tenure in the position, and active thus far in engaging the patent law community and working to improve predictability, is apparently listening.

Ultimately, the AIA largely achieved its goals, and, coupled with precedent out of the Supreme Court, has been successful in making the landscape far more difficult for those opportunists that had been abusing the patent system. But critics believe Congress threw the baby out with the bathwater, leading now to a groundswell of support in Congress, and elsewhere, for a correction in favor of stronger and more predictable patent rights.