

Questions for Dr. William G. Jenks and Christopher Mohr

With answers from Dr. Jenks:

1. Can you briefly describe any concerns you have with our proposed fix to Section 112(f). Do you care to rebut any of Mr. Morinville's testimony?

Internet Association ("IA") has no particular concerns with the proposed change to Section 112(f). The proposed change, as explained in my written testimony, appears to remove certain presumptions present under the Federal Circuit's current interpretation of Section 112(f) without affecting the underlying law of functional claiming.

IA disagrees with arguments that proposed Section 112(f) unduly narrows the scope of functional claims or requires patentees to draft over-long specifications to support functional claims. Both the current and the proposed versions of Section 112(f) allows patentees to capture claim scope that includes not only the "structure, material or acts" described in the specification but also their "equivalents."

2. Are there ways we can strengthen our proposed modification to Section 112(f) in order to better accommodate your concerns regarding over-broad patents?

The current law of Section 112 and its enforcement in the

Patent and Trademark Office are both insufficient to curb abuses of the system. The revised Section 112(f) does not address the larger issues in litigation: the difficulty that courts and the public have in determining (1) whether to construe such claims under Section 112(f) and (2) the uncertain scope of such claims when not construed under Section 112(f). These could be addressed by requiring that all functional claim limitations—not just those devoid of supporting structure—be construed to cover the corresponding structure (and equivalents) described in the specification.

In addition, amendments to Section 112(f) alone cannot be sufficient to ensure the proper functioning of Section 112. It is also necessary to amend Sections 112(a) and (b) to strengthen the written-description and definiteness requirements, and to clarify that both should be treated as questions of law for the judge to decide.

3. Are there any additional changes or additions you'd propose we make to our draft bill text?

IA believes that the standard for subject matter eligibility of computer-implemented inventions found in the case law—which separates claims to the use of computers in non-technical fields (ineligible) from claims that improve the function of the computer or effect an improvement in another technology (eligible)—works well to promote innovation.

Questions for the Record for Dr. William G. Jenks, PhD, JD
Senate Committee on the Judiciary
Subcommittee on Intellectual Property
Hearing on “The State of Patent Eligibility in America: Part II”
June 5, 2019

QUESTIONS FROM SENATOR BLUMENTHAL

With Answers from Dr. Jenks:

1. Striking the appropriate balance between encouraging innovation and protecting consumers is a key goal of our patent system.

a. What impact will broadening the subject matter that can be patented have on industry?

The changes will allow broad patents to extend into areas unsuitable for patent protection. For example, the patent owners in Bilski and Alice—and numerous other patent owners claiming financial transactions on a computer—will be able to argue that their claims are “useful” as defined under the statute and, therefore, eligible. The proposed change calls into question even well-established cases like Gottschalk v. Benson, which held ineligible a method for converting binary-coded decimal numbers into pure binary numbers on a computer.

Under current caselaw, such claims are ineligible. But under the proposed definition of “useful,” it is not possible to tell whether these claims are eligible or ineligible. The possibility that they might be held eligible should render the proposed changes untenable.

b. What impact will broadening the subject matter that can be patented have on consumers?

The patent bargain relies on a backdrop of free competition in all areas outside the proper scope of the patent protection. When the scope of protection is expanded into areas such as financial transactions, it slows competition and hampers innovation. When competition and innovation are impeded, consumers suffer.

c. Could these reforms increase consumer prices? If so, in what industries or on what products?

Any reform that reduces innovation and competition will logically lead to higher prices for consumers. It is difficult to predict, however, how the proposed statute will be interpreted. The ensuing period of uncertainty will surely be bad for consumers. But the scope of the damage will only be understood when the definition of what is “useful” has been interpreted by the Courts. That definition is ambiguous and will require years of litigation—doubtless including multiple trips to the Supreme Court—before it may be understood.

**Questions for the Record for William G. Jenks
From Senator Mazie K. Hirono**

With Answers from Dr. Jenks:

1. Last year, Judge Alan Lourie and Judge Pauline Newman of the Federal Circuit issued a concurring opinion to the court’s denial of *en banc* rehearing in *Berkheimer v. HP Inc.*, in which they stated that “the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems.”

Do you agree with Judges Lourie and Newman? Does § 101 require a Congressional fix or should we let the courts continue to work things out?

Respectfully, Internet Association (“IA”) members do not agree with the statement as presented. In particular, our members are leaders in the “innovation field[s]” of software, computing, networking, data processing and display, and numerous other technical areas related to the internet. They do not consider the present test as creating “§ 101 problems” in those fields. To the contrary, as explained in my opening testimony, Section 101 caselaw is developing cogent categories separating eligible patent claims from ineligible claims. These categories have been extremely helpful in separating claims reciting innovative inventions from patent claims that simply perform ineligible methods on a computer.

*IA notes that the opinion does not criticize the holdings in *Bilski* or *Alice*. Nor does the opinion focus on the dominant use of Section 101—separating patent claims to the use of computers in non-technical fields (ineligible) from patent claims that improve the function of the computer or effect an improvement in other technology or technical fields (eligible).*

*Instead, the concurring opinion is focused on a much narrower issue than the quoted sentence suggests. The opinion criticizes the test set forth in *Mayo*, as forcing the Federal Circuit to hold ineligible medical diagnostics claims in *Ariosa v. Sequenom*. The opinion also criticizes the Supreme Court’s holdings in *Myriad*, a case involving the patenting of genes. In short, the opinion addresses issues much narrower than the proposed statutory fix.*

IA would urge the Senate to drop the proposed statute, let the caselaw in this area stand, and allow the courts to continue their work. To the extent there is a problem in a narrow area of biotechnology, the fix should address that area directly.

2. The Federal Circuit rejected a “technological arts test” in its *en banc Bilski* opinion. It explained that “the terms ‘technological arts’ and ‘technology’ are both ambiguous and ever-changing.” The draft legislation includes the requirement that an invention be in a “field of technology.”
 - a. **Do you consider this a clear, understood term? If so, what does it mean for an invention to be in a “field of technology”?**

- b. The European Union, China, and many other countries include some sort of “technology” requirement in their patent eligibility statutes. What can we learn from their experiences?**
- c. Is a claim that describes a method for hedging against the financial risk of price fluctuations—like the one at issue in the *Bilski* case—in a “field of technology”? What if the claim requires performing the method on a computer?**
- d. What changes to the draft, if any, do you recommend to make the “field of technology” requirement more clear?**

The term “field of technology” is part of the definition of “useful” in the proposed statute. That definition is ambiguous and will require years of litigation—doubtless including multiple trips to the Supreme Court—before it may be understood. The proposed statute wipes away all prior eligibility case law. There is, therefore, nothing for the courts to ground their understanding of any portion of the definition including what it means to provide a “specific and practical utility in any field of technology through human intervention.”

*There is certainly room under the proposed changes for the patent owners in *Bilski* and *Alice*—and numerous other patent owners claiming financial transactions on a computer—to argue that their claims are “useful” as defined and now eligible under the statute. Furthermore, the proposed changes call into question even well-established cases like *Gottschalk v. Benson*, which held ineligible a method for converting binary-coded decimal numbers into pure binary numbers on a computer.*

Under current caselaw, such inventions are ineligible. But under the proposed definition of “useful,” it is not possible to tell whether such claims will be held eligible or ineligible. The possibility that they might be held eligible should render the proposed changes untenable.

- 3. Sen. Tillis and Sen. Coons have made clear that genes as they exist in the human body would not be patent eligible under their proposal.

Are there other things that Congress should make clear are not patent eligible? There are already statutes that prevent patents on tax strategies and human organisms. Are there other categories that should be excluded?

Respectfully, the statements by the Senators have not clarified what subject matter is not patent eligible under the proposed legislation. The caselaw has been abrogated, and an ambiguous definition of “useful” has been substituted for two centuries of Supreme Court wisdom. There is no clear indication in the proposed language that genes or any other product of nature would be ineligible under the proposal.

*For example, the concurring opinion of Judges Lourie and Newman’s referenced in question 1 criticized the *Myriad* decision’s holding that “isolated natural products were ineligible.” The natural products claimed in *Myriad* were genes. There is no indication in the definition of “useful” that isolated genes are to be excluded, given the abrogation of *Myriad*. Instead, this question and every other settled question of ineligibility law will have to be relitigated before the Supreme Court.*

4. I have heard complaints that courts do not consistently enforce Section 112 with respect to claims for inventions in the high tech space.

a. Are these valid complaints?

b. Do the proposed changes to Section 112 adequately address those complaints and limit the scope of claims to what was actually invented?

c. Are you concerned that the proposed changes will make it too easy for competitors to design around patent claims that use functional language?

The current law of Section 112 and its enforcement in the Patent and Trademark Office are both insufficient to curb abuses of the system. The proposed change to Section 112 appears to remove certain presumptions present under current Section 112(f) but does not change the underlying law of functional claiming.

IA disagrees with arguments that proposed Section 112(f) unduly narrows the scope of functional claims or requires patentees to draft over-long specifications to support functional claims. Both the current and the proposed versions of Section 112(f) allows patentees to capture claim scope that includes not only the “structure, material or acts” described in the specification but also their “equivalents.”

Nor does the revised Section 112(f) address the larger issues in litigation: the difficulty that courts and the public have in determining (1) whether to construe such claims under Section 112(f) and (2) the uncertain scope of such claims when not construed under Section 112(f). These could be addressed by requiring that all functional claim limitations—not just those devoid of supporting structure—be construed to cover the corresponding structure (and equivalents) described in the specification. Awarding patent owners claim scope that exceeds what they disclosed (and equivalents) to capture non-equivalent technology harms the public by blocking future innovations, including inventions that design around what prior patentees have invented.

In addition, amendments to Section 112(f) alone cannot be sufficient to ensure the proper functioning of Section 112. It is also necessary to amend Sections 112(a) and (b) to strengthen the written-description and definiteness requirements, and to clarify that both should be treated as questions of law for the judge to decide.

Finally, IA recently submitted comments to the PTO explaining how the Office could reduce some of the current inconsistency in Section 112 enforcement through enhanced disclosure requirements and better examination policies.

5. There is an intense debate going on right now about what to do about the high cost of prescription drugs. One concern is that pharmaceutical companies are gaming the patent system by extending their patent terms through additional patents on minor changes to their drugs. My understanding is that the doctrine of obviousness-type double patenting is designed to prevent this very thing.

The Federal Circuit has explained that obviousness-type double patenting “is grounded in the text of the Patent Act” and specifically cited Section 101 for support.

Would the proposed changes to Section 101 and the additional provision abrogating cases establishing judicial exceptions to Section 101 do away with the doctrine of obviousness-type double patenting? If so, should the doctrine of obvious-type double patenting be codified?

The abrogation of caselaw in the statute undermines and perhaps eliminates multiple doctrines regarding patent eligibility. These include obviousness-type double patenting, which protects against both the unjustified timewise extension of patent rights and the patentees’ ability to separate the claims of one patent-eligible invention into two or more independent patents. While the question focuses on the first function of obviousness-type double patenting doctrine, IA would urge the Senate to also consider the dangers inherent in abrogating the second protection.

If two or more independent patents—patents that may be separately owned and separately enforced—may exist for a single invention then mischief ensues even if the claimed invention is eligible and valid. For example, the patents may be sold to separate entities that separately enforce each patent against the same innovative company. The innovative company may then be forced to pay royalties to both entities despite there being only a single invention. The doctrine of obviousness-type double patenting protects against this outcome by requiring the patents be co-owned throughout their term. The elimination of the doctrine of obviousness-type double patenting would remove this protection.

6. In its *Oil States* decision, the Supreme Court explicitly avoided answering the question of whether a patent is property for purposes of the Due Process Clause or the Takings Clause.

What are the Due Process and Takings implications of changing Section 101 and applying it retroactively to already-issued patents?

In Oil States, the Supreme Court was addressing the loss of a patent—or the loss of some subset of patent claims—in an Inter Partes Review. This type of loss appears unlikely under the statute, which expands the scope of patent eligibility into areas that were not previously patent eligible.