Viewpoint: Congress, not SCOTUS, Should Lead on Patent Policy

DANIEL R. BROWNSTONE

Fenwick
FENWICK & WEST LLP

The latest round in the patent wars is taking place on the wrong battlefield, as the U.S. Supreme Court prepares to rule on patent eligibility in *Alice Corporation Pty. Ltd. v. CLS Bank International*. The question at issue—whether and to what extent software should be eligible for patent protection—is one that should be answered not by the court, but by Congress.

While the question of subject matter eligibility is not new, it historically took a back seat to more substantive issues such as what was "new enough" for a patent and what activities by third parties were actionable as infringement. Occasionally, inventors would reach too broadly.

In the second half of the 19th century, for example, Samuel Morse tried to patent the use of electromagnetism for transmitting signals at a distance and Alexander Graham Bell claimed a method of telegraphically transmitting sounds by causing electrical undulations. In each case, the Supreme Court decided the specific claims at issue were worded so broadly that they encompassed not a specific invention, but the entire scientific principle. From these and other seemingly uncontroversial decisions there arose the general principle in patent law that one cannot claim, by itself, a "law of nature."

Then in 1972 began four decades of turbulence in the law of subject matter eligibility. In *Gottschalk v. Benson*, the Supreme Court held that a mathematical algorithm for converting binary coded decimal numbers to pure binary numbers was an unpatentable abstract idea. Then, in 1978 and 1981, the court reached opposite conclusions in two similar cases—first, in *Parker v. Flook*, the court held that a formula for updating alarm limits during catalytic conversion was an unpatentable abstract idea; three years later in *Diamond v. Diehr*, it held a process for recalculating a time limit for curing rubber to be patent eligible, even though the method relied on the Arrhenius equation, well known in chemistry. Commentators and courts alike have spent 30 years trying to reconcile the two cases. And in 2010, the court found in *Bilski v. Kappos* that a claimed method for hedging against losses in energy trading failed to recite patent eligible subject matter.

The life sciences have also not escaped the tumult, as illustrated by two recent cases, *Mayo v. Prometheus* (2012) and *Association for Molecular Pathology v. Myriad Genetics* (2013). In the former, the court invalidated under the "law of nature" exception claims for determining drug dosage levels in response to the presence of a metabolite in the patient's body. In *Mayo*, the court adopted a Solomonic approach, holding that claims to isolated DNA sequences are not patent eligible, but claims to purified cDNA are, since the purification does not occur naturally—a distinction that, scientifically speaking, does not withstand serious scrutiny.

One cannot help but be confused. The Supreme Court has struggled to define rules for patent eligibility that keep pace with innovation. At the Federal Circuit Court of Appeals, different panels seem to reach opposite results on similar facts. And at the U.S. Patent and Trademark Office, each of the cases must be distilled into rules for examination that can be promulgated to and applied by thousands of examiners. Ultimately, of course, it is the inventors and patent owners that suffer.

And what of Congress? Congress has amended the patent laws several times, making changes both small and large, culminating most recently in the Leahy-Smith America Invents Act of 2011, which moved the country from a first-to-invent patent regime to a first-inventor-to-file system. And legislation is currently pending in committee to address the perceived problem of excessive patent litigation. Section 101, however, which provides for subject matter eligibility, has remained untouched since 1952. That section

says, simply, "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." The accompanying committee reports indicated that subject matter eligibility was meant by Congress to include "anything under the sun made by man." Maybe so, but the court has been more than willing to disregard that evidence of Congressional intent, in view of its absence from the statute itself.

Perhaps it was once appropriate for the Supreme Court to decide those early questions of subject matter eligibility. But we are long since beyond the time where, on this issue, the court is simply interpreting the meaning of the statute. The court's modern decisions are setting policy in far-reaching ways. In *Myriad*, the question was whether and to what extent DNA is patentable. The answer to that question impacts the entire life sciences industry, touching everything from university research to basic drug discovery and personalized medicine. In *Alice*, the court will fashion a rule about the patent eligibility of software, and constituencies on all sides of the issue are waiting with a mixture of fear and anticipation for a decision expected by June. Even the court itself seems leery of its role. During oral argument in *Alice*, Justice Breyer noted that in writing the *Mayo* opinion, he "couldn't figure out much," and was "leaving it up to you and your colleagues to figure out how to go further."

These decisions of policy, cloaked in the disguise of statutory interpretation, are the realm of our elected legislators, not the judiciary. If a company like Myriad identifies genetic mutations like BRCA1 and BRCA2 that indicate a higher risk of breast cancer, is the company entitled to a patent, or should such a discovery be available to everyone in the name of public health and affordable access to treatment? And if companies like Alice invent software that reduces the risk of financial loss in complex, real-time trading environments, are they entitled to a patent, though the invention executes in computer memory, and not on a specially designed machine? Regardless of what the court decides this term, the time is ripe for a meaningful discussion among all of the constituents in the patent community about where to draw lines for subject matter eligibility. That discussion should take place on the other side of First Street.

For more information please contact:

Daniel R. Brownstone, 415.875.2358;
dbrownstone@fenwick.com

Reprinted with permission from the April 24, 2014 issue of *The Recorder*.