A new era in patent eligibility and PTAB proceedings

DENTONS

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Recently, Senators Coons and Tillis introduced the Patent Eligibility Restoration Act of 2023 and (along with Senators Durbin and Hirono) the Promoting and Respecting Economically Vital American Innovation Leadership ("PREVAIL") Act. Both bills reflect bipartisan legislation and affirm "**the basic principle that the patent system is central to promoting technology-based innovation.**" These are the latest in a series of proposed laws presented in an effort to support US innovation. Below are descriptions of each of the bills.

Patent Eligibility Restoration Act of 2023

The Patent Eligibility Restoration Act of 2023 attempts to ameliorate the confusion the U.S. Supreme Court created in *Mayo Collaborative Services Inc. v. Prometheus Laboratories Inc.,* 566 U.S. 66 (2012) and *Alice Corp. v. CLS Bank International,* 573 U.S. 208 (2014). Ever since, courts, practitioners, and patent owners have struggled to define what's "significantly more" to demonstrate patentable subject matter eligibility.

The bill aims to eliminate all judicial exceptions to patent eligibility and clarifies that any invention or discovery that can be claimed as a useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, is eligible for patent protection, *except*:

1. A mathematical formula that is not part of an invention that is in a category [of an invention or discovery that can be claimed as a useful process, machine, manufacture, or composition of matter, or any useful improvement thereof…].
2. A mental process performed solely in the mind of a human being.
3. An unmodified human gene, as that gene exists in the human body.
4. An unmodified natural material, as that material exists in nature.
5. A process that is substantially economic, financial, business, social, cultural, or artistic.

Pursuant to the exceptions in 5) above: "(i) process claims drawn solely to the steps undertaken by human beings in methods of doing business, performing dance moves, offering marriage proposals, and the like shall not be eligible for patent coverage, and adding a non-essential reference to a computer by merely stating, for example, ''do it on a computer'' shall not establish such eligibility; and (ii) any process that cannot be practically performed without the use of a machine (including a computer) or manufacture shall be eligible for patent coverage." Thus, under the proposed bill, a process may be patent eligible even if the process can only be performed on a machine. This opens up the possibility of patenting inventions and emerging technologies that may not have any physical manifestation, for example, a business method that is performed on a computer, or AI-based inventions.

The proposed bill also clarifies that a gene or natural material "shall not be considered to be unmodified if the gene or material, as applicable, is— '(A) isolated, purified, enriched, or otherwise altered by human activity; or (B) otherwise employed in a useful invention or discovery.'" The scope of "useful invention or discovery" will be important in future

inventions that include genetic material where the invention itself may be patent ineligible, but the *usefulness of the invention or discovery* could weigh heavily towards patentability.

The proposed changes would also define eligibility as being determined: "without regard to— '(i) the manner in which the claimed invention was made; (ii) whether a claim element is known, conventional, routine, or naturally occurring; (iii) the state of the applicable art, as of the date on which the claimed invention is invented; or (iv) any other consideration in section 102, 103, or 112.'" The bill, thus, takes pains to distinguish § 101 from §§ 102, 103, and 112.

The proposed Patent Eligibility Restoration Act of 2023 could, potentially, reset the patent eligibility analysis to the pre-*Alice*/*Mayo* era, and open up the possibility of patenting more software-related and biological inventions.

Promoting and Respecting Economically Vital American Innovation Leadership ("PREVAIL") Act

Changes to Validity Challenges

The PREVAIL Act proposes several changes to the popular *inter partes* review ("IPR") processes at the U.S. Patent and Trademark Office ("PTO"). First, the bill attempts to further restrict serially filed petitions by related entities. Second, the bill creates statutory deadlines for rehearing, remand, and trial certificates, and codifies PTO Director review to fix constitutional appointments-clause problems. Third, the PREVAIL Act controversially prevents the PTO's practice of denying a petition based on co-pending litigation, abrogating *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 (PTAB Mar. 20, 2020). Petitioners despise this practice, but it's been a useful tool for patent owners.

The bill seeks to require a "single forum" for deciding invalidity. As such, no invalidity challenges could be made or maintained post-institution. This would be a tremendous change to litigation strategies if trial moved forward without completing an IPR and no invalidity grounds could be raised.

Other important revisions include codifying a back-and-forth amendment practice, and raising the burden of proof from preponderance of the evidence to clear and convincing evidence.

The bill includes a standing requirement similar to declaratory judgment actions. The new standing requirement would require anyone petitioning for an IPR to have a business or financial reason to bring the challenge. About 80% of IPRs are associated with a co-pending litigation, so there would be a substantial reduction in filings if this provision becomes law.

Conversely, post-grant reviews ("PGR"), which are only available for the first 9 months of a patent's life, would not have a standing requirement. However, estoppel would apply post-institution rather than after the final written decision.

Reexaminations will also change in that they will have the same real-party-in-interest bars and denials concerning same or substantially the same prior art or arguments. However, this is currently understood by the PTO to be the law, so the practice will not change much.

Other Proposed Changes

The PREVAIL Act also promotes university and small-business participation in the patent process; directs the PTO Director to establish a PTAB code of conduct that enhances transparency in changes to PTAB panels and ensures decisions are being made independent of political influence; and establishes the Innovation Promotion Fund to ensure

dependable funding for timely and quality examination at the PTO.

Please contact Dentons if you would like to address your concerns or provide comments to the PTO on various similar regulatory actions it is taking.

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