CORPORATE COUNSEL

At Stanford, Patent Experts Sound Off on Section 101

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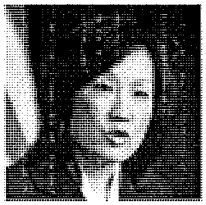

The U.S. Patent and Trademark Office on Monday opened a public dialogue on Section 101 of the Patent Act and the impact of the U.S. Supreme Court's ***Alice*** decision on patent eligibility. The discussion at Stanford University was an opportunity for big tech companies, small innovation entrepreneurs, bar associations and academics to blast the law, praise it, and air out some legislative fixes. One notable takeaway: Several large tech companies associated with patent reform have made their peace with a new interpretation of *Alice* that allows room for some software patents.

Here are a dozen notable quotes from Monday's **seven hours of discussion**:

Michelle Lee, USPTO director: "Drawing a line between patent-eligible subject matter and the noneligible exemptions has proven at times to be challenging for courts, for the patent community, for the agency and for innovators, particular in recent years. That's why we're here today."

Marian Underweiser, senior counsel for IP policy and strategy, IBM Corp.: "Subject matter eligibility law in the United States is broken. The Supreme Court's recent decisions in *Bilski*, *Mayo*, *Myriad* and *Alice* are the cause. The court has unapologetically refused to define the metes and bounds of its test, and it has—against the advice of the patent community, including the PTO—used 101 to do the work properly reserved for the other statutory sections [of invalidity], causing great uncertainty for both patentees and potential infringers."

David Jones, assistant general counsel of IP policy and IP law policy, Microsoft Corp.: "Unlike some, we were encouraged by *Alice*. If you advance technology, you're not an abstract idea and vice versa. That seems to be taking hold in recent [Federal Circuit] cases like ***McRo***, ***Enfish***, ***Bascom***, and we're actually quite encouraged by that. At least at the Federal Circuit level, the law is trending in the right direction."

Jeffrey Dean, associate general counsel, IP litigation and licensing, Amazon.com Inc.: "I actually think that there is a strand of jurisprudence coming out of the Federal Circuit that has answered the question almost perfectly. This strand of jurisprudence answers the question, 'What is an abstract idea?' It tells us what pre-emption is. It tells us also what is an inventive concept. It also allows room for software patents."

Hans Sauer, deputy general counsel for intellectual property, the Biotechnology Industry Organization: "Patent protection in our technology has become less certain and is today less available than in other countries in which the United States competes. There are biotechnologies for which it is now easier to get patent protection in China and in Europe than it is in the United States. When U.S. companies want to compete in these foreign markets, they will face patents like they always have. But when foreign companies come here to compete in the U.S. market, they will have a free-for-all, and they will not face patents."

Colleen Chien, Santa Clara University law professor: "We need to be thinking not only from the perspective of an individual company and preserving a particular business model but more generally about innovation and making sure we have the correct incentives. ... If our consumers can benefit from the additional competition that a lack of patent protection provides and pay lower prices here, and the innovator can still get their investments recovered by getting monopoly prices elsewhere, I don't think that's necessarily a bad deal for our consumers."

Robin Feldman, UC Hastings law professor: "Yes, many, many software patents have been invalidated under *Alice*. ... But after taking some time, the Federal Circuit has found ways to ease the two-step tango. It is hard to imagine that this wave of Federal Circuit decisions will be greeted any more warmly by the Supreme Court than in the past."

Mark Lemley, Stanford law professor and Durie Tangri partner: "Even though I find Section 101 jurisprudence intellectually offensive because there doesn't seem to be a there there, the courts I think actually are engaging in a common law process that—with some exceptions—mostly in the software world at least gets them to the right result in particular cases. I think we're starting to see the development of a common law jurisprudence that actually does draw some distinctions that we can look to to understand what's going to be patentable and what's not."

Michelle Fisher, founder/CEO, Blaze Mobile: "Right now, abstractness is basically a euphemism for broad claims. And that's not fair for people who 10 years ago saw a void in the marketplace and created a product, and wanted the product

to have the broadest possible appeal to their consumer base, and patented that."

Wayne Sobon, past president, American Intellectual Property Lawyers Association: "There seems to be something especially difficult for the courts and the PTO in handling digital and biological innovations. It's far easier today, I would say, to get a patent by adding one more gear or lever to an 18th-century cuckoo clock than trying to protect an elaborately coded new application on a smart phone."

Ben Jackson, VP for legal affairs, Myriad Genetics Inc.: "What is the root of the problem? These exceptions to eligibility are entirely judicially created. It's an invention—to use that word—one that should have been rejected."

Dorothy Auth, New York Intellectual Property Lawyers Association: "The NYIPLA's view is that the Section 101 bar should really be a low bar. It should be a sieve with very large holes. ... The NYIPLA would propose that at the end of Section 101, a sentence be added that would say 'a claim complying with this section may recite a practical application of a law of nature, abstract idea or natural phenomenon, but may not claim or pre-empt a law of nature, abstract idea or natural phenomenon.'"

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