

Q&A: Scott Karren, Nathan Mutter on the Supreme Court and patent-eligibility standards

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In 2014, the U.S. Supreme Court released *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014), which addressed the standard for applying Section 101 of the Patent Act, 35 U.S.C.A. § 101. Since that time, an avalanche of cases surrounding patent eligibility have bombarded the courts. In recent months, the Supreme Court has been asked by parties in numerous cases to clarify the bounds of Section 101.

Thomson Reuters: What was the problem the Supreme Court was trying to resolve with the *Alice* decision and why was it so controversial?

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SK & NM: The task in *Alice* was assessing patent eligibility under Section 101 for a computer-implemented invention. The key difficulty, though, was to establish a framework that provided clear and usable guidance to the lower courts, practitioners and IP stakeholders. While the resulting two-step *Alice/Mayo* test indeed set forth a procedure that classifies a claim directed to an abstract idea without an “inventive concept” as patent-ineligible, the decision lacked the guidance needed to predictably identify the bounds of an abstract idea or the threshold for achieving “significantly more.” The holes in the *Alice/Mayo* test have been slowly filled, albeit unevenly, by dozens of subsequent Federal Circuit decisions and several rounds of USPTO-issued guidance, but as frequently indicated by the bench, the USPTO, academics and Congress alike, more work in this area is needed.

TR: From a practitioner’s perspective, what challenges with Section 101 rulings have you and your clients experienced?

SK & NM: Since *Alice*, the key challenge facing clients and the IP bar has been uncertainty. The combination of conflicting Federal Circuit decisions, inconsistent examination across the USPTO art units and the ongoing developments in Congress have made predicting the eventual eligibility of an invention formidable. These challenges are felt acutely by clients trying to assess whether to invest in patent protection for software-related inventions and

by practitioners prosecuting these patents in the face of rapidly developing guidance.

A path through the murky waters of patent eligibility seems to be clearing, though, thanks to beacons of light from the 2019 Revised Patent Subject Matter Eligibility Guidance and a collection of Federal Circuit cases over the past two years finding patent-eligible subject matter under the *Alice/Mayo* test.

TR: In 2019 a slew of certiorari petitions were filed seeking clarification about the bounds of Section 101, and the U.S. solicitor general’s office said review of the provision was “amply warranted.” But the solicitor general recommended the Supreme Court only hear *Athena Diagnostics Inc. v. Mayo Collaborative Services LLC*, No. 19-430, *petition for cert. filed*, 2019 WL 4879645 (U.S. Oct. 1, 2019). Why do you think that was?

SK & NM: The solicitor general seemed to be highlighting the *Athena* case at the expense of the other certiorari petitions to increase the likelihood of the court granting certiorari in *Athena*. In support of its recommendation, the solicitor general’s brief suggested that *Athena* provided a superior vehicle for clarifying the Section 101 analysis related to medical diagnostic claims compared to the claims in *Hikma Pharmaceuticals USA Inc. v. Vanda Pharmaceuticals USA Inc.*, No. 18-817, *petition for cert. filed*, 2018 WL 6819525 (U.S. Dec. 20, 2018), which were “well understood” to be patent eligible.

Athena also appeared ripe for Supreme Court review, having eight separate Federal Circuit opinions concurring with or dissenting from the Federal Circuit’s denial of an en banc review, strongly signaling a request from the Federal Circuit for additional guidance.

TR: On Jan. 13, the Supreme Court declined to hear at least six Section 101 petitions, including the *Athena* case. On Jan. 27 the justices issued denials in *Trading Technologies International v. IBG LLC*, No. 19-353, *cert. denied*, 2020 WL 411673 (U.S. Jan. 27, 2020), and *Chargepoint v. SemaConnect*, No. 19-521, *cert. denied*, 2020 WL 411896 (U.S. Jan. 27, 2020). And the Supreme Court rejected yet another petition over a Section 101 ruling Feb. 24 with *Cisco Systems Inc. v. SRI International Inc.*, No. 19-619, *cert. denied*, 2020

WL 871719 (U.S. Feb. 24, 2020). Was the Supreme Court making a statement with this slew of certiorari denials? If so, how do you think the patent community will react to these decisions?

SK & NM: The Supreme Court does seem to be sending a message by denying certiorari on a wide variety of patent eligibility cases, including the *Athena* case recommended for review by the solicitor general. The message is likely one of reluctance to dig itself any deeper and recognition that the court has exhausted its toolbox and that any further clarification should, and might need to, come from Congress. The IP community's reaction to the Supreme Court's stance has been mixed.

On the one hand, there is relief by some that the Supreme Court declined to potentially upset decisions like *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), while on the other hand, there is a sense from some of a missed opportunity to bring clarity in cases like *Athena*.

TR: There have been legislative hearings discussing the possibility of Congress changing the Patent Act to address

some of the problems you have mentioned. How might the Patent Act change? Would this stop the certiorari petitions?

SK & NM: There are several congressional initiatives related to the Patent Act that are directed to different aspects of patent enforcement and eligibility. In May of 2019, legislation was proposed that would redefine patent eligibility under Section 101 as "any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof," and would abrogate *Alice* and its progeny while placing a thumb on the scales to favor eligibility.

Although not directly related to eligibility, the STRONGER Act of 2019 focuses on lowering the standard for obtaining an injunction in patent infringement disputes and seeks to change the procedures for post-grant proceedings at the USPTO to reduce duplicative validity challenges. These proposed bills are still in progress, and there is no clear end in sight, but adoption of any of these proposals would likely bring a measure of certainty to these otherwise unsettled areas of law and would likely reduce the number of certiorari petitions filed in the short term.

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