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# Patentable Subject Matter and Recent Supreme Court Activity

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# 35 U.S.C. § 101

- 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.
- "Conditions" = novel, nonobvious, etc.

# Historic Judicial Exceptions

AKA "implicit exceptions"

- Laws of Nature
  - Gravity,  $E=mc^2$
- Natural Phenomena
  - Heat of the sun, electricity, qualities of metals, new mineral
- Abstract Ideas
  - Mathematical algorithms

*Examples taken from  
MPEP § 2106(II)*

THE NEW YORKER



*"Great little product, but liability could eat you up."*

# Judicial "Truisms"

- “A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.” *Le Roy v. Tatham* (1852).
- Instead, such “manifestations of laws of nature” are “part of the storehouse of knowledge,” “free to all men and reserved exclusively to none.” *Funk Bros. Seed Co. v. Kalo Inoculant Co.* (1948).

# Judicial "Truisms"

- "Laws of nature, natural phenomena, and abstract ideas are the basic tools of scientific and technological work." *Alice Corp. v. CLS Bank Int'l* (2014)

# Finding the Balance

- "At some level, all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Alice* (2014)
- As we have recognized before, patent protection ***strikes a delicate balance*** between creating incentives that lead to creation, invention, and discovery and impeding the flow of information that might permit, indeed spur, invention.  
*Myriad*, citing *Mayo*

# *Mayo v. Prometheus* (2012)

- Claim at Issue:
  - Method of optimizing therapeutic efficacy for treatment . . . , comprising:
    - A) administering a drug . . . ; and
    - B) determining the level of 6-thioguanine in said subject . . .
      - Wherein a level less than X indicates a need to increase dosage; and
      - A level greater than Y indicates need to decrease the dosage

# *Mayo v. Prometheus* (2012)

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- Held: claims encompass application of natural law (i.e. relationship b/w metabolism rates and effective dosing).
- To be patentable, claims must include other steps that are more than "well understood, routine, conventional activity."



# *Mayo v. Prometheus* (2012)

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- If a law of nature is not patentable, then neither is a process reciting a law of nature, unless that process has ***additional features*** that provide practical assurance that the process is more than a drafting effort designed to monopolize the law of nature itself.
- Here, court held nothing more than "well-understood, routine, conventional activity"

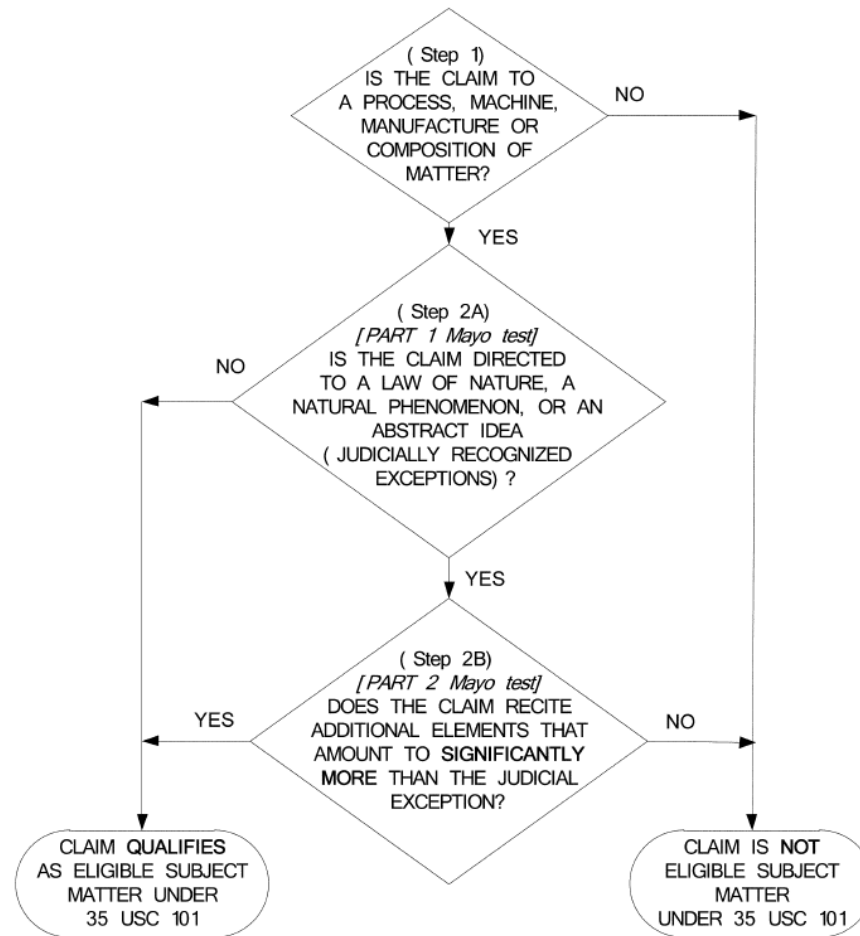
# *Ass'n for Molecular Pathology v. Myriad Genetics (2013)*

- At issue: Composition claims to isolated DNA (BRCA1 and BRCA2), mutations of which indicate likelihood of developing breast/ovarian cancer
- Dist. Ct. - ineligible sub. matter—law of nature (2010)
- Fed. Cir. Reversed – distinguished from "purification" cases (change in chem. structure, etc.)
- SCOTUS sends back to Fed. Cir. in view of decision in *Mayo*
- Fed. Cir. Again finds eligible sub. matter

# *Myriad*

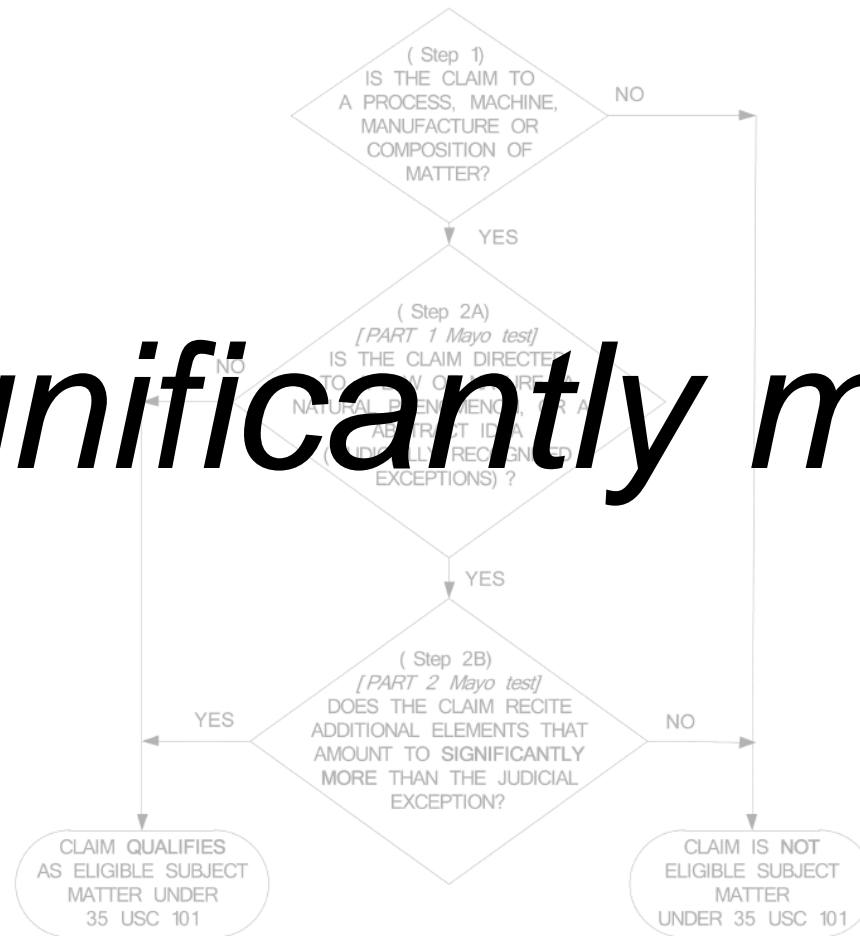
- Issue to SCOTUS: Are human genes patentable?
- Answer: **NO**, but...
- No markedly different characteristics from those found in nature.
- BUT, claims limited to cDNA (not naturally occurring) **are** eligible

# USPTO Guidance



# USPTO Guidance

*"significantly more"*



# *Alice Corp. v. CLS Bank* (2014)

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- Claims directed computerized platform for eliminating risk in conducting financial transactions (software...)
- Bank brought DJ action for invalidity, won on Summary Judgment (ineligible sub. matter)
- Fed. Cir. (panel): reversed (2-1) – not evident claims failed 101
- Fed. Cir. (*en banc*) vacated, unpatentable (7-3)

# Alice

- SCOTUS: applies *Mayo* test
  1. Do claims cover abstract idea? **Yes**, concept of intermediated settlement.
  2. Do claims contain "inventive concept" (i.e. "significantly more") to transform idea into eligible sub. matter? **No**

# *Alice*

- No inventive step for:
  - Recitation of generic computer performing well-known steps; or
  - Limiting abstract idea to particular technological field



# Since *Alice*

- Significant number of software patents invalidated
- Jan. 2015:
  - Circuit decisions: 12 patents invalid vs. 1 valid
  - Dist. Ct.: 56 patents invalid vs. 20 valid

# Discussion

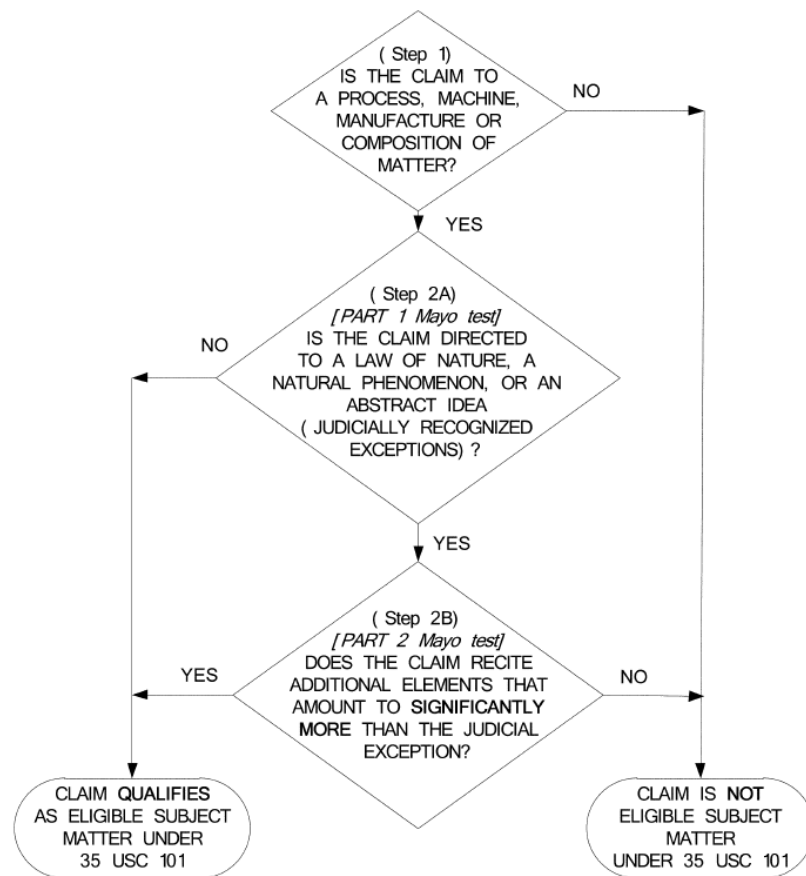
- Practical Effects of New Laws
- New Patentability Framework
- Dealings with the PTO
- Policy
- Predictions

# Practical Effects

- How have the recent decisions affected your practice and your clients?
  - Drafting strategies?
  - Portfolio management strategies?
  - Client business strategies?
  - Client management/expectations?
  - Increase or decrease in patent activity?
  - What questions remain? Where are the holes?

# Patentability Framework

- What strategies have you developed in response to the new PTO guidance?
  - Is the framework workable?
  - Is the guidance sufficient?
  - Any particular arguments/response strategies proving effective?
  - How did you (have you?) figured found what constitutes "significantly more"



# Dealings with the PTO

- How have your dealings with the PTO changed?
  - Responsiveness from Examiners?
  - Your perceptions on ability of Examiners to interpret and effectively enforce new laws/guidance?
  - Are Rejections making sense and are they fair under the new law?
  - Is Section 101 being used to do the job of Sections 102 and 103?

# Policy

- What are your thoughts on the recent changes from a policy perspective?
  - Are the changes good or bad for patent law?
  - Do they serve to "promote the progress of science and the useful arts...?"
  - Did the court strike the right "balance"?

# Going Forward

- How do you foresee the law developing in this area?
  - Will the framework be changed?
  - Will Congress step in?
- How *should* the law develop?
  - Broaden eligible subject matter?
  - Narrow eligible subject matter?
  - *Should* Congress step in or is this a matter for the Judicial branch?

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