U.S. Senate Committee on the Judiciary
Subcommittee on Intellectual Property

Hearing on
"The Patent Eligibility Restoration Act – Restoring Clarity, Certainty, and Predictability to the U.S. Patent System"

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Written Testimony of
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Good afternoon Chairman Tillis, Ranking Member Schiff and Members of the Subcommittee on Intellectual Property. Thank you for the opportunity to testify before the Intellectual Property Subcommittee today. I am testifying solely on my own behalf—not paid for by or representing anyone else. This is my third appearance before this Subcommittee discussing Section 101. I remain respectful of differing views, but I will be direct: the United States is living with doctrinal chaos in patent eligibility. Over the past decade-plus, patent stakeholders have endured a roller coaster of shifting rules, with decisions that contradict one another and defy planning. When innovators can't rely on predictable eligibility rules, investment pulls back, R&D stalls and opportunities are lost. That is the opposite of what a patent system is supposed to do.

The consequences are visible. Patent applications rejected in the United States under the current § 101 regime have nonetheless issued abroad for the same subject matter—often in diagnostics, life sciences and information technology.

Each rejected invention represents a potential startup not founded or a breakthrough commercialized elsewhere. The cost of our broken eligibility law cannot be measured by patents invalidated; it must be measured in innovation opportunities lost.

The consequence is that our system is driving valuable know-how into trade secrecy. When eligibility is unpredictable, the rational move often becomes "don't disclose—keep it in the vault". This is an alarming return to practices not seen since the Middle Ages, when powerful guilds kept craft knowledge as trade secrets, leaving innovation locked away in the shadows. It was precisely to break those knowledge monopolies that early patent systems emerged. These first patent statutes offered inventors a deal: teach us your secret, and we will reward you with temporary exclusivity. The U.S. patent system enshrined this principle in our Constitution—to promote progress in the useful arts by disseminating knowledge. But today, when our courts shut the door on entire categories of inventions, we drive inventors back to the closed-door mentality of the guilds.

This is more than a theoretical issue—it is happening now. Life sciences firms report that because of eligibility uncertainties, they are opting to protect innovations via trade secrets rather than patents.[1] Other industries are doing the same, and the data supports this—according to WIPO statistics for the period

[1] *See*, *e.g.*, Christi J. Guerrini et al., *Constraints on Gene Patent Protection Fuel Secrecy Concerns: A Qualitative Study*, 16 JOURNAL OF LAW AND THE BIOSCIENCES 542 (2017).

between 2013 and 2023, the number of direct patent applications filed with the USPTO, when controlling for the marked increase in applications from China, has *decreased* by 2.5%. Said differently, in the era of § 101 doctrinal chaos, the People's Republic of China is propping up a U.S. patent system that Americans themselves and others are avoiding on an increasing basis. A sound solution will reverse this trend by reopening the patent system to deserving inventions, reigniting inventors' willingness to share their advances. American innovation has always thrived in the light, not the dark.

The solution is a predictable legal framework. Inventors need clear rules; investors need certainty; the USPTO and the courts need administrable standards. Three principles should guide reform:

First, make § 101 a broadly welcoming gate, not a guillotine. Eligibility should permit entry for all human-devised, specific, practical applications. The fine-grained work—novelty, non-obviousness and disclosure—belongs to §§ 102, 103 and 112. That is how Congress designed the 1952 Patent Act and how our global peers operate today.

Second, keep clear, common-sense exclusions. Nature itself, purely mental steps and disembodied math remain out. But human manipulations of nature and practical implementations of ideas belong in, because that is where real engineering and real investment live.

Finally, pair eligibility clarity with disclosure rigor. To address legitimate concerns about vagueness or overbreadth, leverage existing statutory and case law to apply § 112 robustly so the claim scope tracks what is taught, while preserving needed flexibility for inventors.

The solution before you—the Patent Eligibility Restoration Act ("PERA")—applies these three principles; it is measured and overdue. PERA recenters the statute on its text. If an invention fits within the broad statutory categories and has a specific, practical utility, it is eligible—full stop. The bill also expressly excludes non-technological subject matter, ensuring no one can patent rules of play, economic practices or wedding ceremonies. Eligibility becomes the gate, and the existing, rigorous tests in §§ 102, 103 and 112 do the rest.

Crucially, PERA also realigns the U.S. with its peers. Today, a biotech or AI inventor can obtain meaningful protection in Europe and China, yet face uncertainty here—even when the invention was made in America. That tilts the playing field against U.S. innovators, encourages moving R&D overseas and ultimately risks a brain drain in strategic fields like 5G, advanced computing, AI and medical diagnostics. Clarity at home strengthens competitiveness and—in critical technologies—supports national security.

Let me be clear: restoring broad eligibility is not about allowing "patents on ideas" or "bad patents" or stifling basic research. It is about restoring coherence so

that like inventions are treated alike, investors can underwrite risk, examiners can reach principled results when reviewing patent applications and courts can adjudicate on stable footing. Under a reformed § 101, every invention would still have to meet the stringent tests of novelty, non-obviousness and adequate disclosure. Weak or overly broad patents would still be rejected—but under the right sections of the law, not through an unpredictable, distorted § 101.

Some academics and advocates have taken the view in recent years that however difficult it was initially to apply the Supreme Court's four eligibility decisions of 10-15 years ago, the caselaw has more recently settled down and the lower courts have found paths to consistent and principled application of § 101. That is false, and a series of court cases culminating in a Federal Circuit case from just last year (2024) shows that patent eligibility jurisprudence is still causing confusion in the courts.

In Yu v. Apple, the Federal Circuit found that claims directed to a digital camera were actually "abstract ideas" and held them invalid. This decision garnered attention on its own, given that numerous concrete elements in the claims undercut the court's finding that the claims were simply directed to an abstract idea. The court characterized the invention as comparing two different pictures with each other (using two different image sensors), with one enhancing the other, which it called an abstract idea

Following the reasoning in the Yu case, the district court in Contour IP Holding similarly reasoned that the digital camera claims in that case were also abstract and held them invalid. The district court held that the claims were nothing more than an abstract idea because they were, just as in Yu, directed to having two different types of image sensor feeds (at different resolutions), with one being used to adjust the other

But on appeal in Contour IP Holding, a different panel of the Federal Circuit reversed. The Federal Circuit said that the patent claims actually focused on improving camera technology, thereby constituting a concrete technological improvement to a digital camera, and accordingly did not merely cover an abstract idea

In reality, the facts of these two cases are so similar that they should both have been decided the same way. One can sympathize with the district court following the Federal Circuit's decision in Yu. But the ambiguity of the "abstract idea" test and what constitutes a "technological" improvement allows different panels of a single appellate court—the Federal Circuit—to reach different results on nearly the same facts. The confusion caused by current application of § 101 continues, and is going to continue, until a better, more justiciable approach is adopted. This is what PERA provides. Under PERA both of these inventions would have been easily found patent eligible, and the more fine grained tests under

102, 103, and 112 would do their work in determining inventiveness and adequate description.

A reformed § 101 would also enable the USPTO to provide its examiners with stable and fully grounded examination guidance – something that has proven out of reach under the current framework. In the absence of clear law, the USPTO has resorted to shifting guidance that has failed to provide lasting clarity. And patents issued under guidance that is later reversed may themselves become vulnerable to validity challenges. Only with a clear statutory foundation can the USPTO provide the consistent and fully compliant guidance needed by innovators, practitioners, and patent examiners.

I appreciate concerns about unintended consequences. Some skeptics worry that any change in law might open floodgates to frivolous patents or renewed litigation abuse. But we fixed these problems with the AIA and the PTAB more than a decade ago, and the most recent study shows the USPTO is doing a good job preventing the issuance of weak patents.[2]

I submit that the greater risk lies in inaction. If we do nothing, we will continue to live under a regime that virtually no stakeholder actually thinks is working. Even those who benefit from the current "get out of jail free card" provided to patent infringers by the current law can't defend it as clear and

practicable. PERA's approach is measured, codifying a sensible, technology-neutral framework that I am confident will allow our judiciary to deliver much more consistent results than what we've seen under the current patchwork.

The Patent Eligibility Restoration Act is aptly named. It is not a radical overhaul but a restoration of clarity, Congress's intent and the vitality of the U.S. patent system. By enacting this law, Congress will send a resounding message: the United States is committed to being the most innovative nation on Earth, and our laws will reflect that commitment.

I'll end with a simple truth: the innovation that is never realized because our system failed to encourage it is an incalculable loss. We cannot afford such losses. Passing PERA will prevent them, strengthen our innovation economy and reassert U.S. leadership. Mr. Chairman, thank you again for the opportunity to share my thoughts.

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[2] For example, the Sunwater Institute's 2024 policy report found the USPTO's erroneous grant rate in the single digits and at least as good as those of other major patent offices. Ani Harutyunyan et al., *Patent Quality in the United States: Findings and Suggestions for Policymakers*, SUNWATER INSTITUTE (Sept. 2024).