Questions from Senator Tillis
for David Kappos
Witness for the Senate Committee on the Judiciary
Subcommittee on Intellectual Property Hearing
"The Patent Eligibility Restoration Act –
Restoring Clarity, Certainty, and Predictability to the U.S. Patent System"

1. The first set of hearings on patent eligibility were held in 2019, with 45 witnesses over multiple days. In 2024, another hearing was held consisting of 8 witnesses. Since then, there has been guidance from the USPTO and additional court cases.

   Is there a continuing need for Congress to step in with patent eligibility legislation? Please explain.

   Absolutely. Even recent Federal Circuit decisions, in which different panels reviewing similar sets of facts have reached different conclusions demonstrate the problem persists. Additionally, the fact that every successor USPTO administration has reversed the previous administration's guidance should be ample evidence that the issue is far from being resolved.

2. Despite how broken the current situation is regarding patent eligibility, is it in the interest of some parties to maintain the broken status quo? Why is this?

   Yes, of course. There are always parties that benefit from chaos and they are the ones telling you that the situation is just fine.

3. The technologies that the U.S. most needs to develop to compete with China's growth, including advanced computing, AI, and biotechnology, are often those that fall outside current patent eligibility standards.

   How will PERA help the U.S. maintain global leadership in these competitive sectors? What does a failure to enact such legislation mean to our global competitiveness in general?

   PERA will make a huge difference in aligning our eligibility standards with other developed countries and stopping the discrimination against the technologies that are key to U.S. economic security, national security and competitiveness. If we continue with the status quo, we continue to discourage investments in innovation critical to our security.

4. PERA 2025 has several changes this year compared to PERA from the prior Congress.

   Do you believe that these were good changes to the bill? Why or why not?

   Yes, these are very good changes. They represent moves to address the legitimate concerns raised by parties who were opposed to PERA, while retaining the value of PERA to address the current doctrinal chaos that surrounds patent eligibility.

5. We are all concerned about the cost of prescription medication. Some have argued that the enactment of this bill would lead to higher drug prices for consumers.

   What do you say to that?

   Patent eligibility is not about drug prices. It is about whether these drugs exist in the first place. Drugs that do not exist are priced at infinity and patients can't get access to them at any price. Changes to patent eligibility through PERA allow us to have these drugs in the first place. The issue with drug prices should be handled by Congress separately, and indeed are being handled through other laws.

6. Some argue that medical diagnostics will continue to be invented and developed notwithstanding the change in subject matter eligibility from the Supreme Court, because of other factors promoting or protecting innovation – such as the incentives to "publish or perish" in academic, or the ability to protect innovation through other means like trade secrets.

   Do you agree? Why or why not?

   I strongly disagree. As the data has demonstrated, American companies and institutions are not investing in areas like healthcare diagnostics, which are ineligible for patent protection. Trade secrecy is a poor alternative and represents a return to medieval practices that impede innovation rather than accelerate it.

7. As someone who works on the corporate side of patent issues, and sees multiple sides of the retail industry, can you help this subcommittee put retail industry patent issues in a larger framework?

   Yes, the retail industry is important and we want it to be successful. However, the securities filings from large and small retail companies demonstrate that patent eligibility issues are not a material problem for retail companies. A much more material problem lies in judgments rendered by federal courts that find retail industry giants liable for infringing valid patents and requiring them to pay tens or hundreds of millions of dollars for their infringement. Holding patent infringers who are infringing valid patents accountable is good policy. The desire of patent infringers to get away with infringement cannot be an excuse to maintain the current chaos of section 101.

8. PERA relies on language that some have suggested is undefined or that should not be left to the courts to weigh in on. For example, terms such as "substantially" and "practically."

   What are your thoughts on this?

   Patent eligibility is about balance – balance requires judges to use judgment. These terms are prevalent in law so that our courts can use judgment to do justice. I have no doubt the courts will be able to apply the "substantially" and "practically" standards the same way they apply them in many areas of the law.

9. Do you think that PERA protects against eligibility for ineligible claims that have phrases like “do it on a computer” added to them?

   PERA ensures that an otherwise ineligible claim will still be found ineligible when “do it on a computer” or other similar insubstantial language is added to such a claim.

10. Compared to where “business method” claims currently stand in terms of patent eligibility, how would PERA change this, if at all? Please explain.

    PERA, on its face, explicitly maintains that claims covering business processes, social processes and the like are ineligible. PERA will not change the eligibility of economic processes claimed in patents.

Senator Eric Schmitt
Senate Judiciary Subcommittee on Intellectual Property
Written Questions for the Honorable David Kappos
Hearing on "The Patent Eligibility Restoration Act – Restoring Clarity, Certainty, and Predictability to the U.S. Patent System"
Wednesday, October 8th, 2025

1. The Patent Eligibility Restoration Act (PERA) would widely broaden patent eligibility. What are the protections in the patent system to prevent patent trolls—especially foreign patent trolls like those from China—from using this law to supercharge their manipulation and abuse of the U.S. patent system?

   There is no evidence that interests or patent trolls from China are filing patent infringement lawsuits in the U.S. This is a purely speculative issue and not one that has any basis in fact. Congress passed and the USPTO implemented the AIA to address the issue of patent trolls and the AIA has been hugely successful in enabling courts and the USPTO to deal with patent trolls. Additionally, numerous rulings from the courts, such as KSR, enable the courts and the patent office to deal with patent trolls. Patent trolls are no longer a significant issue. The far more significant issue involves smaller enterprises and inventors protecting their inventions from infringement, and hugely profitable companies simply stealing the patented inventions of these small companies. Congress should prioritize this issue.

2. On balance, would PERA make it easier or harder for patent trolls to extort U.S. businesses and companies?

   Patent trolls are not a significant issue and PERA does not need to solve for them. Congress already did that with the AIA. PERA solves the much bigger problem: American inventors whose inventions cannot be adequately protected by the patent system and are thus getting ripped off by both foreign and domestic patent infringers.

3. How would expanding patent eligibility for AI processes under PERA impact the ability of businesses to implement those technologies?

   PERA would have no impact on law-abiding legitimate companies in the AI space to make and use products to conduct their businesses. Any concerns about patent protection in the AI space are amply handled by sections of the statute that police inventiveness, obviousness and other requirements in sections 102, 103 and 112.

4. What are examples of the types of AI innovations that are ineligible under current law but would be eligible under PERA?

   AI is fundamentally about using computers to solve problems that have previously been thought of as highly abstract, such as natural language processing, self-driving vehicles, answering generalized questions, writing prose, and creating images. The current state of patent eligibility through the Supreme Court decisions holds that inventions involving

abstract ideas are ineligible for patent protection. This puts virtually all AI-related inventions at risk of being held ineligible. However, this is exactly the kind of patent protection that is needed by small enterprises and startups. Huge tech giants may not have a significant need for patents as they have resources, network effects and other factors to protect their market positions. On the other hand, small companies and independent inventors, who are the most disruptive and innovative, are the most vulnerable ones in the current state of section 101. This is exactly the opposite of good policy. It is bad policy that Congress must fix.

5. Why should Congress—or why should Congress not—expand eligibility to such AI innovations?

   If the U.S. wants to win the AI race and ensure national security into the future, it needs every advantage it can get. It affirmatively should not put itself at a huge disadvantage, which is what we are doing with patent ineligibility for AI inventions.