

Questions for the Record for Mr. Michael Rosen
Senate Committee on the Judiciary
Subcommittee on Intellectual Property
Hearing on “The State of Patent Eligibility in America: Part I”
June 4, 2019

QUESTIONS FROM SENATOR BLUMENTHAL

1. Striking the appropriate balance between encouraging innovation and protecting consumers is a key goal of our patent system.
 - a. **What impact will broadening the subject matter that can be patented have on industry?**

Rosen response: I quite agree that we must ensure balance in our patent system, and my body of work at AEI vigorously supports that notion. In the case of patent eligibility, the *Mayo* and *Alice* decisions have tilted the system *out* of balance, and the measures proposed by the Tillis-Coons framework would restore that balance while still limiting the excesses that characterized some aspects of the patent system before *Mayo* and *Alice*.

- b. **What impact will broadening the subject matter that can be patented have on consumers?**

Rosen response: As set forth above, the proposed legislative outline would fundamentally restore balance. With respect to consumers specifically, the patent system is not and need not be a zero-sum game between innovators and consumers. The greater the incentive for technologists to innovate, the more consumers will benefit from that innovation. Conversely, without proper patent protection, innovators are less likely to deliver the life-saving, -enhancing, and -extending technology from which all Americans benefit.

- c. **Could the proposed reforms increase consumer prices? If so, in what industries or on what products?**

Rosen response: I have yet to see persuasive evidence that the Tillis-Coons framework would increase consumer prices in any statistically significant way.

**Questions for the Record for Michael Rosen
From Senator Mazie K. Hirono**

1. Last year, Judge Alan Lourie and Judge Pauline Newman of the Federal Circuit issued a concurring opinion to the court's denial of *en banc* rehearing in *Berkheimer v. HP Inc.*, in which they stated that "the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems."

Do you agree with Judges Lourie and Newman? Does § 101 require a Congressional fix or should we let the courts continue to work things out?

Rosen response: During the five long years following the *Alice* decision, it has become apparent that Judges Lourie and Newman are correct: § 101 requires a legislative fix. While the lower courts and the Patent Office has struggled mightily and in good faith to apply the Supreme Court's instructions in *Alice*, it appears that their fundamental inability to solve the problems created by *Alice* lie partly in those instructions themselves and partly in the ambiguities of the statutory section they sought to interpret. The Tillis-Coons framework goes a long way toward clarifying those ambiguities.

2. The Federal Circuit rejected a "technological arts test" in its *en banc Bilski* opinion. It explained that "the terms 'technological arts' and 'technology' are both ambiguous and ever-changing." The draft legislation includes the requirement that an invention be in a "field of technology."
 - a. **Do you consider this a clear, understood term? If so, what does it mean for an invention to be in a "field of technology"?**
 - b. **The European Union, China, and many other countries include some sort of "technology" requirement in their patent eligibility statutes. What can we learn from their experiences?**

Rosen response to a. and b.: Indeed, patent systems abroad have grappled with the definition of "technology" and for the most part have reached a stable and reasonable understanding. For instance, the European Patent Office defines its "technical teaching" requirement as an "instruction addressed to a skilled person as to how to solve a particular technical problem using particular technical means." Along these lines, as I testified in June before the Committee, restoring the "practical application" test of the Federal Circuit's 1998 *State Street Bank* case would also comport with this technical teaching notion.

- c. **Is a claim that describes a method for hedging against the financial risk of price fluctuations—like the one at issue in the *Bilski* case—in a "field of technology"? What if the claim requires performing the method on a computer?**

Rosen response: If performed on a computer, such a claim would fall within a field of technology. It may very well be obvious under § 103 in light of previous, non-computerized applications of the same principle, but it would still be technical.

d. What changes to the draft, if any, do you recommend to make the “field of technology” requirement more clear?

Rosen response: There are no changes I could recommend, other than possibly considering replacing it with an explicit “practical application” test.

3. Sen. Tillis and Sen. Coons have made clear that genes as they exist in the human body would not be patent eligible under their proposal.

Are there other things that Congress should make clear are not patent eligible? There are already statutes that prevent patents on tax strategies and human organisms. Are there other categories that should be excluded?

Rosen response: The original framework or legislative outline identified several areas that would not be eligible for patent protection. Those should be included or at least considered in the final legislation, specifically including fundamental scientific principles, products that exist solely and exclusively in nature, pure mathematical formulas, economic or commercial principles, and mental activities.

4. I have heard complaints that courts do not consistently enforce Section 112 with respect to claims for inventions in the high tech space.

a. Are these valid complaints?

b. Do the proposed changes to Section 112 adequately address those complaints and limit the scope of claims to what was actually invented?

c. Are you concerned that the proposed changes will make it too easy for competitors to design around patent claims that use functional language?

Rosen response to a., b., and c.: I do not believe there to be a substantial problem with consistent interpretation and enforcement of § 112. At the same time, I do not believe the proposed changes to that section would make it excessively easy for competitors to design around functional claims.

5. There is an intense debate going on right now about what to do about the high cost of prescription drugs. One concern is that pharmaceutical companies are gaming the patent system by extending their patent terms through additional patents on minor changes to their drugs. My understanding is that the doctrine of obviousness-type double patenting is designed to prevent this very thing.

The Federal Circuit has explained that obviousness-type double patenting “is grounded in the text of the Patent Act” and specifically cited Section 101 for support.

Would the proposed changes to Section 101 and the additional provision abrogating cases establishing judicial exceptions to Section 101 do away with the doctrine of

obviousness-type double patenting? If so, should the doctrine of obvious-type double patenting be codified?

Rosen response: Section 103, not Section 101, is the appropriate avenue for addressing obviousness-type double-patenting issues, in my view, and should be addressed separately.

6. In its *Oil States* decision, the Supreme Court explicitly avoided answering the question of whether a patent is property for purposes of the Due Process Clause or the Takings Clause.

What are the Due Process and Takings implications of changing Section 101 and applying it retroactively to already-issued patents?

Rosen response: Whether or not to apply the Tillis-Coons framework retroactively is a difficult challenge. In my view, litigation involving Section 101 that have gone to final judgment would be immune from retroactive changes. However, unfinished cases, rejected patent applications and dismissed patents in litigations that have not gone to final judgment, and other similarly-situated cases should retroactively be reconsidered, at least under certain circumstances. There should not be a Due Process or Takings Clause problem with such reconsideration because the Patent Office and courts would be considering *restoring* property to the patent-holder, not removing it from her.