Dear Senator,

As the Senate Judiciary Committee prepares for its mark-up session on September 19th, the undersigned associations with a membership consisting of America's leading research universities, medical schools, and technology transfer offices, write to express our strong and unified support for three critical pieces of legislation: the PREVAIL Act, the Patent Eligibility Restoration Act, and the IDEA Act. We urge you to advance these bills during the upcoming session.

Combined, our membership is made up of hundreds of research universities, medical schools, and technology transfer offices that are at the forefront of American innovation. The upcoming mark-up session presents a crucial opportunity to strengthen the U.S. patent system and support the innovation ecosystem that drives our nation's technological leadership.

1. The PREVAIL Act (Promoting and Respecting Economically Vital American Innovation Leadership Act) (S. 2220): As you consider this act in the mark-up session, please note its importance for our member institutions. The PREVAIL Act will help universities to defend their innovations against unwarranted challenges, ensuring that the results of often decades-long research efforts are protected. Such bolstered patent protection will create stronger incentives for academic researchers to pursue a patent and transfer their innovations to the market, strengthening our nation's economy and global technological leadership. We especially urge you to support provisions in the bill that strengthen the integrity of the inter partes review process while maintaining its efficiency.

2. The Patent Eligibility Restoration Act (S. 2140): This act represents a significant opportunity for our member institutions, particularly in innovative fields like biotechnology, artificial intelligence, and medical diagnostics. We encourage the committee to maintain the act's broad approach to patent-eligible subject matter. Creating clear and consistent rules about what inventions are patent eligible will catalyze research and innovation across our campuses and lead to more breakthroughs and increased technology transfer.

3. The IDEA Act (Inventor Diversity for Economic Advancement Act) (S. 4713): As you review this act, we ask you to consider its potential to foster a more inclusive innovation ecosystem. The optional data collection and reporting requirements in this act are crucial for identifying and addressing disparities in patent applications so steps can be taken to broaden participation and maximize our nation's inventive potential. We particularly support provisions in the act that ensure comprehensive data collection while protecting individual privacy.

The upcoming mark-up session is a pivotal moment for these acts and, by extension, for the future of innovation in America. We urge you to:

- Maintain the core provisions of each act that directly benefit the research and innovation capabilities of our institutions.

- Resist any amendments that might weaken the acts' effectiveness or limit their scope.

Given the imminent nature of the September 19th mark-up, we stress the urgency of your support. Your backing of these acts during the session would send a powerful message about the United States' commitment to maintaining its global leadership in research and innovation.

We stand ready to provide any additional information or clarification that might be helpful as you prepare for the mark-up session. If you or your staff have any questions or need further details about the impact on the higher education research community, please contact us.

Thank you for your leadership on these crucial issues. We look forward to a positive outcome from the September 19th mark-up session that will strengthen America's innovation ecosystem.

Respectfully,

Association of American Universities (AAU)
Association of Public and Land-grant Universities (APLU)
American Council on Education (ACE)
AUTM

AIPLA

American Intellectual Property Law Association

September 16, 2024

The Honorable Richard J. Durbin
Chair
Committee on the Judiciary
U.S. Senate
152 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Lindsey O. Graham
Ranking Member
Committee on the Judiciary
U.S. Senate
211 Russell Senate Office Building
Washington, D.C. 20510

RE: Support for S. 2140, Patent Eligibility Restoration Act, S. 2220, PREVAIL Act, and S. 4713, IDEA Act

Dear Chair Durbin and Ranking Member Graham:

The American Intellectual Property Law Association ("AIPLA") is pleased to support three key pieces of intellectual property legislation set for markup this week: S. 2140, the Patent Eligibility Restoration Act; S. 2220, the PREVAIL Act; and S. 4713, the IDEA Act. Each of these bills addresses critical issues within the U.S. patent system and advances our shared goal of fostering innovation, economic growth, and inclusion.

AIPLA is a national bar association of approximately 7,000 members including professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

S. 2140, the Patent Eligibility Restoration Act, is crucial in addressing the uncertainty and unpredictability resulting from the Supreme Court's subject-matter eligibility decisions over the past two decades. AIPLA supports this bill because it clarifies that any useful process, machine, manufacture, or composition of matter, or useful improvement thereof, should be patentable eligible, subject only to specific exclusions in the bill, and patentable if they meet the other requirements of the statute. We believe that restoring clarity to patent eligibility will incentivize investment across various fields of technology, including emerging technologies, thereby maintaining our nation's position as an economic and technological leader.

S. 2220, the PREVAIL Act, benefits from the years since the AIA was enacted and seeks balance between patent holder rights and protection against abusive practices. AIPLA has long supported adjustments to enhance procedural protections in proceedings at the Patent Trial and Appeal Board (PTAB) and to eliminate some duplication with district court litigation. In addition to improving transparency, this bill introduces key reforms such as applying a

presumption of validity for challenged patents and changing the burden of proof for petitioners to the clear and convincing evidence standard.

S. 4713, the IDEA Act, is a significant step forward in promoting advancements within the U.S. patent system. AIPLA supports the bill's authorization for the USPTO to collect demographic data voluntarily from patent applicants, including gender, race, and military or veteran status. This data collection is essential to identify underrepresentation in the patent system and to develop targeted strategies to address these gaps. Encouraging a more inclusive innovation ecosystem is critical to harnessing the full creative potential of all inventors, which will strengthen the U.S. economy.

We commend the sponsors and co-sponsors of these bills for their commitment to improving the U.S. intellectual property landscape. AIPLA urges the Committee on the Judiciary to advance these important pieces of legislation swiftly. By supporting these bills, we can foster a more robust, fair, and inclusive patent system that encourages innovation and growth across all sectors of our economy.

Thank you for considering our views. We look forward to working with the Committee members and staff as the legislative process moves forward.

Sincerely,

Ann M. Mueting
President
American Intellectual Property Law Association

CC: Members of the Senate Judiciary Committee

21C Statement in Support of Advancing Bipartisan Patent Bills at Upcoming Senate Judiciary Committee Markup

Washington, D.C. – The Coalition for 21st Century Patent Reform ("21C") proudly supports a duo of bipartisan patent bills slated for markup in the Senate Judiciary Committee – the *Patent Eligibility Restoration Act* ("PERA") and the *Promoting and Respecting Economically Vital American Innovation Leadership Act* (the "PREVAIL Act"). Together, these bills would help the U.S. establish and maintain a gold standard patent system that preserves our position as a global economic and innovation leader, drives economic growth and competitiveness, and protects U.S. national security.

PERA addresses the ongoing confusion caused by more than a decade of Supreme Court decisions that have misinterpreted Section 101 of the Patent Act to exclude many important types of inventions from being patented. By restoring certainty and predictability to the U.S. patent system, PERA will provide the patent protection needed to enable the invention, development and commercialization of societally beneficial, breakthrough inventions across the life sciences, manufacturing, software, and other rapidly emerging technologies, while providing adequate safeguards to promote competition and prevent overreach. Importantly, the bill excludes from patenting fundamental concepts that do not result from human ingenuity, such as genes as they exist in the human body and unmodified naturally existing materials. 21C commends the efforts of Senators Thom Tillis (R-NC) and Chris Coons (D-DE) for their continued leadership on this important legislation.

Currently, the Patent Trial and Appeal Board (PTAB) grants the vast majority of inter partes review (IPR) petitions, and once granted, some or all of the patent claims are invalidated by final written decision a significant majority of the time. PREVAIL will provide more balance to the procedures employed by the PTAB when conducting the IPR and post grant review (PGR) challenge proceedings established by Congress through the passage of the *American Invents Act* in 2011. 21C supports revisions to the PTAB's rules and procedures such as those advanced by PREVAIL as further amended to ensure that both patent challengers and owners will be treated fairly, regardless of the forum in which their patents are challenged. 21C applauds Senators Chris Coons, Thom Tillis, Dick Durbin (D-IL), and Mazie K. Hirono (D-HI) for championing this much-needed proposal.

We urge the Senate Judiciary Committee to pass these bills to strengthen the U.S. patent system. 21C looks forward to working with all stakeholders to enact these significant pieces of legislation into law. It is crucial for Congress to restore confidence in this country's patent regime to encourage U.S. innovation and foster U.S. competitiveness to the benefit of the U.S. innovation ecosystem.

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September 11, 2024

Chairman Chris Coons
Intellectual Property Subcommittee
218 Russell Senate Office Building
Washington, D.C. 20510

Ranking Member Thom Tillis
Intellectual Property Subcommittee
113 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senators Coons and Tillis:

The signatories below, comprised of public policy, grassroots, and free enterprise organizations, understand that the Senate Judiciary Committee will soon bring up both the Promoting and Respecting Economically Vital American Innovation Leadership (PREVAIL) Act (S. 2220, H.R. 4370) and the Patent Eligibility Restoration (PERA) Act (S. 2140) for consideration. We applaud your leadership on these two bills, and we urge the committee to support this legislation.

The PREVAIL Act would secure private property rights to inventions and give quiet title, which is crucial for commercialization of and investment in patented innovations. That will boost the United States's competitive edge, especially in emerging and standardized technologies important to our economic and national security. S. 2220 would reform the Patent Trial and Appeal Board (PTAB) by adding procedural and due-process guardrails to reduce abuses of the administrative patent challenge system. These changes would protect patent owners from infringers' ability to game the PTAB system through repeated challenges, even when a court of law has already upheld that patent's validity, and inordinate PTAB discretion to tilt the process.

PREVAIL would help alleviate the damage to our patent system, to inventors (such as those who have testified before the Senate and House Judiciary Intellectual Property Subcommittees in the past two years) who face the prospect of lost commercial traction during what is supposed to be their exclusive ownership and use of their invention, and from the erosion of property rights in the patent arena. Further, the legislation would assure the public's misgivings regarding this administrative body.

The PERA Act would fully eliminate judicially created exceptions to patent eligibility. It would restore the congressionally intentional breadth of the section 101 threshold question as to what is patent-eligible subject matter, including of a "useful process." This bill would prohibit examiners, courts, the Patent Trial and Appeal Board, or others from considering substantive patentability requirements (sections 102, 103, and 112) or from fixating on a patent claim apart from the invention as a whole in a 101 threshold determination regarding a specific invention or discovery. PERA would settle the current disquiet of uncertain patent eligibility among courts.

These two bills would bolster the reliability, certainty, and strength of American patents. They would clarify and refine elements of the patenting process, making it easier for legitimate patent claims to reach fruition and withstand what would become fairer, more consistent, impartial scrutiny once granted.

We strongly urge the committee to report out S. 2220 and S. 2140 with a wide bipartisan margin, and we look forward to working with you to advance this legislation to enactment.

Respectfully,

James Edwards
Executive Director
Conservatives for Property Rights

Grover Norquist
President
Americans for Tax Reform

Saulius “Saul” Anuzis
President
The American Association of Senior Citizens

Gerard Scimeca
Chairman
Consumer Action for a Strong Economy

Hon. J. Kenneth Blackwell
Chairman
Conservative Action Project

Karen Kerrigan
President & CEO
Small Business & Entrepreneurship Council

James L. Martin
Founder/Chairman
60 Plus Association

Matthew Kandrach
President
Consumer Action for a Strong Economy

Colin Hanna
President
Let Freedom Ring

September 18, 2024

The Honorable Dick Durbin
Chairman
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Lindsey Graham
Ranking Member
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Durbin and Ranking Member Graham,

In advance of your September 19, 2024, Executive Business Meeting, I am writing to express the Council for Innovation Promotion's strong support for three bills that would advance cutting-edge innovation in the United States: the Promoting and Respecting Economically Vital American Innovation Leadership (PREVAIL) Act, S. 2220; the Patent Eligibility Restoration Act (PERA), S. 2140; and the Inventor Diversity for Economic Advancement (IDEA) Act, S. 4713.

By way of background, C4IP is a bipartisan coalition chaired by two former directors of the U.S. Patent and Trademark Office (USPTO), Andrei Iancu and David Kappos, who served under the Trump and Obama administrations, respectively. Our board also includes two retired judges from the Court of Appeals for the Federal Circuit, former Chief Judge Paul Michel and Judge Kathleen O'Malley. Our mission is to promote strong and effective intellectual property rights that drive innovation, boost economic competitiveness, and improve lives everywhere.

The PREVAIL Act would make several overdue reforms to the Patent Trial and Appeal Board (PTAB). Lawmakers established the PTAB in 2011, but experience over the last dozen years has shown a number of unintended effects and unforeseen problems with how these proceedings were implemented and have worked in practice. For example, while the proceedings were intended to create a more efficient alternative to district court litigation, experience has shown that the parties now litigate the validity of the disputed patents in multiple venues simultaneously.[1] The PREVAIL Act would eliminate such duplicative proceedings, which waste party and government resources and unfairly advantage big, well-funded corporations accused of infringement. The bill would also align PTAB and district

[1] S. 2140, 118th Cong. (1st Sess. 2023).

court standards.[2] After all, the objective validity of a patent should not depend on the tribunal that assesses it. Plus, the bill adds a number of good-governance measures, such as transparency and ethical requirements for the administrative patent judges.[3]

The Patent Eligibility Restoration Act (PERA) would clarify that categories of inventions in areas that are critical to maintaining our nation's innovation leadership, but which were rendered patent-ineligible by a series of misguided Supreme Court decisions, do indeed qualify as eligible for patent protection provided that they meet the additional requirements for patentability under Title 35. Uncertainty over which kinds of inventions are eligible for patents has reduced incentives for innovation and investment in cutting-edge fields, including computer software and medical diagnostics. Studies and testimony have repeatedly detailed how researchers are abandoning otherwise promising areas of research because of this legal uncertainty. Enacting PERA would help ensure that the United States can continue to compete with rivals like China and Europe in developing the technologies of the future.[4]

Finally, the IDEA Act would help uncover and address disparities in the patent system which suggest that the United States is not living up to its full innovation potential by requiring the U.S. Patent and Trademark Office to collect, on a voluntary basis, demographic information from patent applicants. Studies have indicated that women and racial minorities, for example, are underrepresented as inventors on U.S. patents. Better information can help policymakers identify reforms that ensure all communities are aware of the patenting process, the patent system, and how to participate in America's vibrant innovation economy.[5]

We all stand to benefit from a more equitable patent system. One study calculated that United States gross domestic product could grow by more than $1 trillion if more women and Black Americans were included in the innovation system.[6][7]

[2] Council for Innovation Promotion, *Why C4IP Supports the PREVAIL Act*, (July 5, 2023), https://c4ip.org/why-c4ip-supports-the-prevail-act/. A full list of C4IP's other resources relating to PREVAIL is available at this link [https://c4ip.org/prevail/].

[3] Id.

[4] Council for Innovation Promotion, *Why C4IP Supports the Patent Eligibility Restoration Act (PERA)*, (April 2, 2023), https://c4ip.org/why-c4ip-supports-the-patent-eligibility-restoration-act-pera/. A full list of C4IP's other resources relating to PERA is available at this link [https://c4ip.org/pera/].

[5] Council for Innovation Promotion, *C4IP Letter RE: IDEA Act*, (September 17, 2024), https://c4ip.org/wp-content/uploads/2024/09/C4IP-Letter-RE_-IDEA-Act.pdf.

[6] Lisa D. Cook and Yanyan Yang, *Missing Women and African Americans, Innovation, and Economic Growth*, (Jan. 6, 2018), http://www.yanyanyang.com/uploads/5/6/5/2/56523543/aeapinkblack_cookyang.pdf.

[7] Federal Reserve Bank of St. Louis, *Gross Domestic Product*, https://fred.stlouisfed.org/series/GDP (last visited Sept. 13, 2024).

These three bills are of vital importance to America's continued economic prosperity and global competitiveness. We appreciate your work to place them on the Committee's agenda in support of innovators across America, and we hope to see these bills reported favorably and become law this Congress. We would be happy to provide any further information that the Committee may find helpful.

Sincerely,

Frank Cullen
Executive Director
Council for Innovation Promotion (C4IP)

cc:

Sen. Alex Padilla, Member, Senate Committee on the Judiciary
Sen. Amy Klobuchar, Member, Senate Committee on the Judiciary
Sen. Chris Coons, Member, Senate Committee on the Judiciary
Sen. Chuck Grassley, Member, Senate Committee on the Judiciary
Sen. Cory Booker, Member, Senate Committee on the Judiciary
Sen. John Cornyn, Member, Senate Committee on the Judiciary
Sen. John Kennedy, Member, Senate Committee on the Judiciary
Sen. Jon Ossoff, Member, Senate Committee on the Judiciary
Sen. Josh Hawley, Member, Senate Committee on the Judiciary
Sen. Laphonza Butler, Member, Senate Committee on the Judiciary
Sen. Marsha Blackburn, Member, Senate Committee on the Judiciary
Sen. Mazie Hirono, Member, Senate Committee on the Judiciary
Sen. Mike Lee, Member, Senate Committee on the Judiciary
Sen. Peter Welch, Member, Senate Committee on the Judiciary
Sen. Richard Blumenthal, Member, Senate Committee on the Judiciary
Sen. Sheldon Whitehouse, Member, Senate Committee on the Judiciary
Sen. Ted Cruz, Member, Senate Committee on the Judiciary
Sen. Thom Tillis, Member, Senate Committee on the Judiciary
Sen. Tom Cotton, Member, Senate Committee on the Judiciary

Ed Martin
President
Phyllis Schlafly Eagles
Eagle Forum Education & Legal Defense Fund

Ryan Walker
Executive Vice President
Heritage Action for America

Jenny Beth Martin
Honorary Chairman
Tea Party Patriots Action

Kevin L. Kearns
President
U.S. Business and Industry Council

Seton Motley
President
Less Government

Jeffrey Mazzella
President
Center for Individual Freedom

Dick Patten
President
American Business Defense Council

Heather R. Higgins
CEO
Independent Women's Voice

Ginevra Joyce-Myers
Executive Director
Center for Innovation and Free Enterprise

Dee Stewart
President
Americans for a Balanced Budget

David Williams
President
Taxpayers Protection Alliance

Richard Manning
President
Americans for Limited Government
Americans for Limited Government Foundation

Paul Caprio
Director
Family PAC Federal

Ashley Baker
Director of Public Policy
The Committee for Justice

Lorenzo Montanari
Executive Director
Property Rights Alliance

C. Preston Noell III
President
Tradition, Family, Property, Inc.

Maureen Blum
President
Strategic Coalitions & Initiatives, LLC

Bob Carlstrom
President
AMAC Action

Anthony Zagotta
President
Center for American Principles

George Landrith
President
Frontiers of Freedom

Charles Sauer
President
Market Institute

Curt Levey
President
The Committee for Justice

Tom DeWeese
President
American Policy Center

Ryan Ellis
President
Center for a Free Economy

Martha Boneta Fain
President
Victory Coalition Strategies
Vote America First

Melissa Ortiz
Founder
Capability Consulting

For Immediate Release
September 17, 2024

Innovation Alliance Statement on Historic Senate Judiciary Committee Markup of Three Pro-Patent Bills

Bipartisan, Bicameral Bills Would Strengthen Patent Rights to Promote U.S. Innovation and Global Technological Leadership

WASHINGTON, D.C. – Innovation Alliance Executive Director Brian Pomper today issued the following statement on the U.S. Senate Judiciary Committee's scheduled September 19 markup of three bipartisan, bicameral pro-patent bills, the Promoting and Respecting Economically Vital American Innovation Leadership Act (PREVAIL) Act (S.2220/H.R.4370), the Patent Eligibility Restoration Act (PERA) (S.2140/H.R.9474) and the Inventor Diversity for Economic Advancement (IDEA) Act (S.4713/H.R.9455):

"The Innovation Alliance is thrilled to see the Senate Judiciary Committee consider these three bipartisan, bicameral pro-patent bills. Together, these bills represent a commitment to strengthening inventors' rights and the U.S. innovation economy to ensure that we retain global technological leadership and can compete successfully with China and other countries around the world.

"**The PREVAIL Act** will restore much-needed fairness to the USPTO's Patent Trial and Appeal Board (PTAB) process, help protect American innovators from harassment by Big Tech and other companies who violate intellectual property rights, and promote U.S. technological advancement.

"The quasi-judicial PTAB was intended to provide a quick and cost-effective alternative to district court litigation for resolving patent disputes. Instead, the PTAB process is being abused by Big Tech and others who use the administrative body to repeatedly attack the patents of smaller innovators so they can use others' inventions without paying licensing fees. This is undermining patent rights, which provide a critical incentive for innovation in the United States.

"Despite claims that the PTAB process benefits small businesses, the most frequent users and beneficiaries of the PTAB system have been Big Tech companies, along with large Chinese tech companies such as ZTE and Huawei, who have filed hundreds of PTAB petitions to challenge the patents of smaller competitors. With armies of lawyers and nearly endless resources, these Big Tech companies have also used the PTAB to file multiple challenges against the same patents, forcing small inventors to drain their resources defending their innovations again and again.

"It is clear that the PTAB tilts the scales in favor of those seeking to invalidate patents. According to USPTO data, the PTAB invalidates more than 70% of all patent claims and at least one claim of more than 80% of the patents it reviews. These statistics led a former Federal Circuit Chief Judge to describe the Board as a 'death squad killing property rights.'

"To restore fairness at the PTAB, the PREVAIL Act will limit the ability of infringers to launch repetitive and harassing challenges against inventors. And it will harmonize the standards between the PTAB and district courts so infringers can't pick a path of least resistance for their patent challenges. This is smart legislation that will put a stop to this Big Tech abuse, protect American innovators and ensure our patent system continues to incentivize U.S. technological innovation.

"**The Patent Eligibility Restoration Act (PERA)** was drafted following years of study and deliberation with key stakeholders and makes critical reforms to patent eligibility law that will help restore certainty and predictability to the U.S. patent system.

"For nearly 150 years, Section 101 of the Patent Act was interpreted to allow inventions to be patented across broad categories of discovery. This approach supercharged American innovation and led to countless technological and medical breakthroughs in areas that could not have been imagined when Section 101 was first enacted.

"Starting in 2010, however, the Supreme Court issued a series of decisions that have upended longstanding settled law, narrowed the scope of patent-eligible subject matter, and created unworkable and unpredictable exceptions to an otherwise clear statute. These decisions have created chaos in the patent world and left inventors and lower court judges uncertain about what is patentable. Meanwhile, our foreign competitors, including China, are granting patents on many inventions that are now unpatentable here. As a result, innovation and venture capital are being driven overseas.

"The disparity in patent eligibility between the United States and our foreign competitors is particularly problematic in critical and emerging technology areas such as artificial intelligence (AI), 5G/6G, advanced computing and biotechnology, as well as medical diagnostics. This not only undermines U.S. competitiveness and the ability of the United States to remain the global leader in innovation, but it harms U.S. national security as other countries challenge U.S. leadership in developing these key technologies.

"PERA would clarify categories of inventions that are eligible to receive patents, restoring needed certainty and predictability for American innovators and investors, and ensuring the United States avoids ceding leadership in key technologies to our foreign adversaries and competitors.

"**The IDEA Act** takes important steps to broaden participation in inventing and patenting, which will help promote American innovation and competitiveness.

"The USPTO and leading researchers have found that women, people of color, and individuals with lower incomes are underrepresented among U.S. inventors. Women account for less than 13% of all U.S. inventors. Black individuals make up almost 13% of the population but less than 2% of inventors. Hispanic individuals make up more than 16% of the population but less than 4% of inventors. Children in the top 1% of family income are 10 times more likely to patent in their lifetimes than children in the entire bottom half of family income. Moreover, almost half of all U.S. inventors are concentrated in just 20 of the over 3000 counties across the country.

"Yet, we still don't have a complete picture of our inventors—or how to empower more of them—because the USPTO doesn't collect demographic data from them. Passing the IDEA Act will help us obtain the information we need to expand our innovation talent pool and compete globally. According to research by Federal Reserve Board Member Dr. Lisa Cook, including more women and African Americans in the innovation process would increase annual U.S. GDP by up to $1 trillion.

"The IDEA Act answers a call from the USPTO to allow the agency to create a mechanism for inventors to share their demographic data directly and voluntarily with the USPTO. The USPTO would publish this data annually and produce a biennial report evaluating the data, which would help policymakers and researchers know who is inventing and patenting and aid them in developing policies and programs to expand participation in inventing and patenting. The IDEA Act passed the Senate in 2021 as part of the United States Innovation and Competition Act (USICA) after achieving a strong bipartisan floor vote of 71-27, and the House in 2022 as part of the America COMPETES Act.

"The Innovation Alliance urges Congress to take up and pass these important pieces of legislation as soon as possible."

For more information on the PREVAIL Act, click here.
For more information on PERA, click here.
For more information on the IDEA Act, click here.

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ABOUT THE INNOVATION ALLIANCE
The Innovation Alliance represents innovators, patent owners and stakeholders from a diverse range of industries that believe in the critical importance of maintaining a strong patent system that supports innovative enterprises of all sizes. Innovation Alliance members can be found in large and small communities across the country, helping to fuel the innovation pipeline and drive the 21st century economy. Learn more at www.innovationalliance.net.

Contact: Paige Rusher, (202) 315-2352
Paige@SevenLetter.com

September 18, 2024

The Honorable Dick Durbin
Chairman
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Lindsey Graham
Ranking Member
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Durbin and Ranking Member Graham:

We, the undersigned six professors write to advise Congress on the substantial and documented need for reform to the statute governing patent eligible subject matter, 35 U.S.C. § 101, following four Supreme Court cases decided between 2010-2014.[1] We believe that the Patent Eligibility Restoration Act of 2023, S. 2140 (PERA) is careful, balanced legislation that will bring certainty and stability to the U.S. patent system and bring it in line with the patent systems of our national economic competitors.

We are aware that the Senate Judiciary Committee has held numerous hearings with dozens of witnesses in multiple Congresses, including a hearing this Congress on PERA itself.[2] This has added to the scholarly body of work that already documented the problems with the existing case law on patent eligible subject matter, and which has surveyed the resulting harm to American innovation. There is no need to wait any longer to take Congressional action—the harm is real and affecting inventors, would-be technology-intensive startups, and others right now. We note a few additional points below:

1. PERA ensures that cutting-edge technologies are squarely patent-eligible while also setting forth what is patent-ineligible. Technologies critical for our future well-being and national competitiveness should not be turned away from the Patent Office's doors or rejected by courts, as they too often are now. The bill likewise provides clear categories of what is patent-ineligible, replacing a maze of court decisions that are nowhere reflected in the relevant statutory language. Contrary to some claims that all jurisprudence protecting the public domain is being overturned, the bill instead provides—for the first time—a firm statutory basis for protecting the

[1] Bilski v. Kappos. 561 U.S. 593 (2010); Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. 66 (2012); Association for Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. 576 (2013); Alice Corp. v. CLS Bank Int'l, 573 U.S. 208 (2014).

[2] *The Patent Eligibility Restoration Act – Restoring Clarity, Certainty, and Predictability to the U.S. Patent System*, before the Subcomm. on Intell. Prop. of the U.S. S. Comm. on the Judiciary, 118th Cong. (Jan. 23, 2024).

public domain with its categories of what is patent-ineligible. These categories, moreover, draw on Supreme Court case law from before the most recent four Supreme Court cases.

2. The uncertainty and harm to the patent system has not dissipated, even after years of lower court interpretation of these four most recent Supreme Court cases. These four cases have transformed the judicial exceptions to 35 U.S.C. § 101 in an analytically unbounded manner that muddies eligibility for a broad range of technology. For software-related or computer-implemented inventions, lower court cases continue to expand the recent Supreme Court case law in new and unpredictable ways, leading to uncertainty for inventors and threatening investment in U.S. patent-backed ventures. While there is less uncertainty in the life sciences, unfortunately that is because lower courts have largely concluded that diagnostics are broadly, or at least presumptively, ineligible. Other areas of life science research have been affected as well, and the boundaries of patent eligibility remain in flux. New statutory language is needed to bring order to the lower court confusion that has ensued, as many judges from Federal Circuit, the appeals court with jurisdiction over the nation's patent cases, have called for.[3]

3. Especially given Federal Circuit judges' calls for reform, arguments that *more* uncertainty would be caused by litigation over new legislation such as PERA are unfounded. PERA provides clear categories of what is and is not patent eligible, which is significantly more guidance than lower courts have right now. Under the status quo, anyone applying the law must determine what the judicial exception of "abstract ideas" means in any given case; the Supreme Court did not define it. This has left inventors, the U.S. Patent Office, patent practitioners and lower court judges struggling. It is not surprising that the issue is currently constantly litigated, with some court cases being nearly impossible to reconcile with each other.

Thank you for your consideration of our views, and we would be happy to provide you or other Committee members with any additional information that may be helpful.

Sincerely,

Gregory Dolin
Professor of Law
University of Baltimore School of Law

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[3] *See, e.g.*, *Athena Diagnostics, Inc. v. Mayo Collaborative Servs.*, 927 F.3d 1333, 1363 (Fed. Cir. 2019) (Judges Moore, O'Malley, Wallach, and Stoll) (dissenting from denial of rehearing en banc) ("Your only hope lies with the Supreme Court or Congress."); *id.* at 1371 (Judge O'Malley) (dissenting from denial of rehearing en banc) ("I believe that confusion and disagreements over patent eligibility have been engendered by the fact that the Supreme Court has ignored Congress's direction to the courts to apply 35 U.S.C. sections 101 et seq. ('Patent Act') as written. Specifically, the Supreme Court has instructed federal courts to read into Section 101 an 'inventive concept' requirement—a baffling standard that Congress removed when it amended the Patent Act in 1952. I encourage Congress to amend the Patent Act once more to clarify that it meant what it said in 1952.").

Joshua Kresh
Interim Executive Director
Center for Intellectual Property x Innovation Policy (C-IP^2)
Antonin Scalia Law School
George Mason University

Emily Michiko Morris
David L. Brennan Endowed Chair and Associate Professor
The University of Akron School of Law

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∗ Each signatory has joined this letter in their individual capacities. Their titles and institutions are listed for identification purposes only.

The Medical Device Manufacturers Association (MDMA) and the Alliance of U.S. Startups and Inventors for Jobs (USIJ) write to express our strong support for the Promoting and Respecting Economically Vital American Innovation Leadership Act (PREVAIL Act), the Patent Eligibility Restoration Act (PERA), and the Inventor Diversity for Economic Advancement Act (IDEA Act) and we urge the Senate Judiciary Committee to pass all three bills at the September 19, 2024 markup and promote their passage in the full Senate.

Our organizations collectively represent over 300 startups, venture investors, research organizations and innovative companies working in fields including medical devices, mobile technologies, clean energy, cybersecurity and biotechnology.

We commend the work done by the Subcommittee on Intellectual Property to conduct substantive and constructive legislative hearings on these critical pieces of legislation that will support and promote innovation and economic growth in the U.S. The PREVAIL Act and PERA will both make critical improvements to the U.S. patent system by restoring balance to the process of considering patent validity, and by providing clarity to the question of patent eligibility. In addition, the IDEA Act will better harness the potential of all Americans to pursue opportunities in STEM fields and promote patent activity by underrepresented groups.

The PREVAIL Act addresses several shortcomings in the American Invents Act (AIA), the comprehensive revision to the Title 35 of the U.S. Code enacted into law in 2011. Since the enactment of the AIA we have seen large incumbent companies leverage the post-issuance challenge procedures to the validity of previously issued patents, the Inter Partes Reviews and Post Grant Reviews set forth in 35 U.S.C. §§ 315 *et seq*. and 325 *et seq*., respectively, to render the patent system largely unavailable to innovative and disruptive inventors, startups, small companies and their investors, all of whom require stable, predictable and reliable patents to justify the risks inherent in investing time and resources in new technologies and new products.

There are several provisions of the PREVAIL Act that we strongly support, including: (i) the imposition of a standing requirement to determine with certainty the real parties in interest that challenge valid U.S. patents; (ii) limiting abuse of the joinder provisions that currently allow time-barred challengers to avoid the bar by joining some other petition; (iii) limiting the ability of defendants to complicate litigation by maintaining parallel challenges to the validity of the same patent in both the IPR process and district court litigation involving the same parties; (iv) refusals to entertain petitions that rely on prior art the PTO has previously considered barring "exceptional circumstances;" (v) raising the legal standard for invalidating an issued patent by requiring clear and convincing evidence of invalidity instead of a preponderance of the evidence as is currently

the case; (vi) prohibiting further challenges following a final decision by the PTAB or a district court judge that a patent is not invalid, thus making better use of the concepts of *res judicata* and collateral estoppel to achieve finality, and (vii) addressing the issues raised by serial and parallel petitions and proceedings.

In addition to serious challenges at PTAB for American inventors, entrepreneurs and investors, all of the active judges on the U.S. Court of Appeals for the Federal Circuit have cited their own confusion regarding U.S. law on patent eligibility, and former USPTO Directors have said the state of patent eligibility is in "disarray" and it is leading to "deep uncertainty." PERA would address this fundamental challenge by eliminating all prior judicial exceptions to eligibility and replacing them with a clearly articulated and limited set of exclusions. Under PERA, U.S. law would draw clear lines regarding what is <u>not</u> patent eligible, this includes: pure mathematical formulas and mental processes, unmodified genes in the human body and unmodified natural material existing in nature. PERA also excludes substantially economic, financial, business, social, cultural, or artistic processes, even when followed by language like "do it on a computer," as long as such processes can be practically performed without the use of a machine.

The net effect of PERA is to strike a decade of judicial tinkering that has needlessly turned the question of patent eligibility into a confusing mess and harmed the U.S. versus our economic competitors. While the U.S. has spent a decade holding back innovations in areas such as fintech, diagnostic solutions and medical devices while trying to figure out whether they are "abstract" or not, our competitors are moving forward and protecting these inventions. China in particular has leapt well ahead of the U.S. by extending patent protection for a broader range of inventions by focusing on the concrete features of the invention while we spin our wheels arguing about whether something is "abstract" or not.

The IDEA Act directs the USPTO to voluntarily collect demographic data from patent applicants and publish reports on the findings, while making the data publicly accessible for independent research. The goal is to address disparities faced by underrepresented groups in securing patent rights, ensuring that all Americans have an equal opportunity to innovate. We support the IDEA Act because it promotes transparency and inclusivity, helping to identify and address barriers that prevent equitable access to the patent system, ultimately fostering a more diverse and innovative economy.

Our members rely heavily on stable and reliable patent protection as a foundational prerequisite for making long term investments of capital and time commitments to high-risk businesses developing new technologies.

We continue to advocate strongly for the passage of the PREVAIL Act, PERA and the IDEA Act so that our members and others can confidently innovate, invest, and compete on a level playing field, ensuring that the U.S. remains a global leader in technological advancements and economic growth.

The Medical Device Manufacturers Association

The Alliance of U.S. Startups and Inventors for Jobs

As co-founder and CEO of Netlist, a small company that develops advanced memory technologies, I am writing to express our strong support for the Promoting and Respecting Economically Vital American Innovation Leadership (PREVAIL) Act and the Patent Eligibility Restoration Act (PERA). I urge the Senate Judiciary Committee to approve both bills during the September 19, 2024, markup and advocate for their swift passage in the full Senate.

At Netlist, we've experienced firsthand how flaws in the current patent system allow larger corporations to abuse legal processes to stifle innovation. In the early 2000s, Netlist was granted more than 100 patents on cutting-edge memory technologies, which soon became crucial components in the world's most advanced computing systems. We secured a partnership with Google—an achievement any small business would dream of. But shortly after, the patent theft and procedural legal tactics began. Tired of paying for our proprietary technology, Google started using technology from other firms that had infringed on our patents. When we tried to initiate licensing discussions, Google – along with other third parties, and, eventually, Samsung – responded by challenging the validity of our patents.

For the past 14 years, we have fought an uphill battle against repeated and duplicative patent challenges, which drain our resources and delay justice. Despite our patents being upheld in every challenge, our larger competitors have managed to prolong the cases by exploiting weaknesses in the patent system, all the while continuing to use our technology during the legal delays. This abuse of the system not only threatens smaller companies like ours but also weakens the innovation landscape that drives U.S. economic growth.

The Promoting and Respecting Economically Vital American Innovation Leadership (PREVAIL) Act, introduced by Senators Coons, Tillis, Durbin, and Hirono, provides a critical opportunity to restore predictability and balance to the U.S. patent system. By curbing serial abuse and preventing duplicative challenges, this legislation will protect innovators like Netlist from being outspent and outmaneuvered by larger competitors seeking to avoid compensating smaller firms for their inventions. The PREVAIL Act's reforms are essential not only for fairness but for maintaining the integrity of our innovation ecosystem. We strongly support this legislation and urge Congress to pass the PREVAIL Act to protect America's inventors and ensure that innovation continues to thrive.

In addition to our support for the PREVAIL Act, Netlist also strongly endorses the Patent Eligibility Restoration Act (PERA). The current state of patent eligibility in the U.S. has become alarmingly uncertain, with vague standards making it difficult for inventors to determine whether their innovations qualify for patent protection. As a company that depends on the strength of its intellectual property, Netlist understands the frustration of navigating an unpredictable system

that undermines investment in groundbreaking technologies and places U.S. firms at a competitive disadvantage on the global stage.

PERA addresses these issues by clearly defining what is and is not eligible for patenting, eliminating the arbitrary judicial exceptions that have confused and weakened patent eligibility. By providing a straightforward and predictable framework, PERA will ensure that truly novel and non-obvious inventions, like those developed by Netlist, can be patented without the risk of being dismissed as "abstract." This clarity is vital for fostering confidence among innovators and investors, empowering them to bring new technologies to market without fear of endless legal uncertainty.

Netlist urges Congress to pass both the PREVAIL Act and the Patent Eligibility Restoration Act. Together, these reforms will strengthen the U.S. patent system, protect inventors, and help ensure that America remains a global leader in innovation.

Chuck Hong

Co-Founder & CEO, Netlist