Comments on the Patent Eligibility Restoration Act

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I write to urge Congress not to pass PERA in its current form. I will make four points: (1) section 101 is far more predictable than is sometimes claimed; (2) section 101 has not interfered with innovation; (3) section 101 serves a valuable purpose in weeding out bad patents early in litigation; and (4) even if some tailored reform was needed, PERA is not the right way to go about it.

Predictability

Patent lawyers consistently complain that the law of patentable subject matter since *Alice* is unpredictable.[2] They have tried to pass PERA in some form every year for the past eleven years. And they have filed more than fifty unsuccessful petitions in the Supreme Court seeking to change the law. But during the fifteen years of modern section 101 doctrine, the law has settled into a fairly predictable routine.

It is true that the two-part *Alice* test, standing alone, doesn't offer particularly clear guidance for distinguishing unpatentable abstract ideas from patentable inventions. Nonetheless, the more than 1000 court decisions applying *Alice* in the last

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[2] *See generally* Charles Duan, *Examining Patent Eligibility*, 97 ST. JOHN'S L. REV. 47, 47 & n.3 (2023) (citing but not agreeing with those complaints).

decade[3] have settled into, if not a bright-line rule, a predictable standard under which (1) very few patents are invalidated outside the information technology (IT) sphere[4] and (2) IT patents that seem to involve real technology survive a § 101 challenge, while those that simply claim the idea itself in functional terms without a new technological implementation are likely to fail. The rubric isn't foolproof, and there are outliers, but it turns out lawyers are pretty accurate at predicting which claims will survive an *Alice* challenge and which ones will fail. Two empirical studies confirm this, showing that even taking a short look of no more than a minute, patent lawyers can guess the likely outcome of § 101 challenges.[5] District judges also seem pretty good at it; the affirmance rate in § 101 cases is 85.3%,[6] which compares favorably with the overall affirmance rate for patent cases at the Federal Circuit.[7]

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[3] Mark A. Lemley & Samantha Zyontz, *Does* Alice *Target Patent Trolls?*, 18 J. EMPIRICAL L. STUD. 47, 47-48 (2021).

[4] *Id*. at 67 fig.5 (showing that 90% of all decisions involve IT patents); *id.* at 67 (finding that the rate of post-*Alice* invalidation was 60% for IT patents, versus less than 45% for life sciences patents).

[5] Nikola L. Datzov & Jason Rantanen, *Predictable Unpredictability: The Surprising Administrability of Patent Subject Matter Eligibility*, 110 IOWA L. REV. 668, 691-92 (2025); Jason D. Reinecke, *Is the Supreme Court's Patentable Subject Matter Test Overly Ambiguous? An Empirical Test*, 2019 UTAH L. REV. 581, 603-05; Matthew Sipe, *Patent Law 101: The View from the Bench*, 88 GEO. WASH. L. REV. ARGUENDO 21, 27–30 (2020). Even Sipe, who documents some judge-specific variation in outcomes, calls his paper "I know it when I see it," suggesting that the problem is not lack of predictability but the lack of a clear rule rather than a standard. Sipe, *supra* note 2. Charles Duan notes that *Alice* itself wasn't a particularly notable departure from prior cases, but rather the culmination of several years of patentable subject matter decisions. Duan, *supra*, at 48-49.

[6] Datzov & Rantanen, *supra*, at 716-717.

[7] Jason Rantanen et al., *Who Appeals (And Wins) Patent Infringement Cases*, 60 HOUS. L. REV. 289, 317 (2022) (finding a 63% affirmance rate when accused infringers appeal, and a 74% affirmance rate when patent owners appeal).

Innovation

Many people warned the sky would fall after *Alice*. It didn't. As I noted above, the vast majority of 101 decisions are in the internet and IT fields. But innovation in those fields is growing by leaps and bounds. Artificial intelligence companies, which would seem most directly affected by section 101, are the single most innovative and productive sector of the economy, and investment is pouring into the sector in an unprecedented way. Innovators in AI aren't hurt, and indeed may be helped, by the fact that patent trolls can't claim to own the entire concept of AI.

Nor has innovation or investment suffered in medical diagnostics. Arti Rai and Colleen Chien studied investment and patenting in medical diagnostics in the wake of *Alice*. They find virtually no effect on investment, and further find that medical diagnostic companies are patenting at basically the same rate they were before *Alice*.[8]

Weeding Out Weak Patents

Whether or not it works well in theory, section 101 has great benefits in practice. It allows courts to identify and invalidate weak patents early in the litigation process, often on a motion to dismiss. Almost all of those patents would ultimately be invalidated on other grounds in court if they went to a full judgment, but the process of invalidating those patents would take much longer and cost much more money. Taking

[8] Rai, Arti K., Colleen V. Chien, and Jenna Clark. "Molecular Diagnostic Patenting After Mayo v. Prometheus: An Empirical Analysis." *Journal of Empirical Legal Studies* 22, no. 2 (2025): 144–62.

a patent case to trial costs more than $3.5 million in the median high-stakes case,[9] and some patent cases cost more than $100 million in legal fees.

The America Invents Act created an alternative mechanism for challenging weak patents—the IPR procedure. That procedure has been extremely successful, resolving more than 10,000 disputes with an invalidity rate that is essentially identical to that in court but at less than 20% of the cost.[10] Unfortunately, the current PTO administration has decided it doesn't like the IPR procedures Congress created, and has simply decided not to apply it, arbitrarily denying nearly 75% of the petitions filed in the last six months without even considering the merits.[11] That refusal to apply the law is illegal, and hopefully it will not endure. But the death of the IPR process makes it all the more important that section 101 survive as a means to weed out bad patents early in a case.

Resolving a patent dispute in a fair way, reaching the same result as would be reached after a full trial but more quickly and at 10-20% of the cost of litigation, seems

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[9] https://www.aipla.org/home/news-publications/economic-survey/2023-report-of-the-economic-survey.

[10] Since the beginning of the IPR process challengers have won in whole or in part 5,181 out of 11,511 completed proceedings, or 45.0%. If we exclude patents that are partially upheld (which is arguably a patent owner rather than a challenger win) challengers win 4,234 out of 10,564 cases, or 40.1%. Data calculated from law.lexmachina.com/ptab/ on September 20, 2025. Those numbers are essentially indistinguishable from the invalidity rate in court, which is 42.4%. John R. Allison, Mark A. Lemley & David L. Schwartz, *Understanding the Realities of Modern Patent Litigation*, 92 Tex. L. Rev. 1769 (2014) (finding 42.4% invalidity rates in cases decided 2009-2013).

[11] "[F]or IPR petitions filed since October 1, 2024, 72% have been denied while IPR petitions filed between January and August of that same year enjoyed a 61% institution rate." https://www.mintz.com/insights-center/viewpoints/2231/2025-08-28-ptab-pendulum-swings-how-ipr-denials-are-reshaping.

like an unambiguously good thing. It is good for defendants, good for the court system, and good for those who own valid patents. Even those who hold invalid patents should mostly want to know the patents are invalid as soon as possible before sinking lots of money into a lost cause. Making patent invalidity determinations more efficient only hurts two groups: (1) patent litigators who charge by the hour, who get paid less money, and (2) patent trolls whose business model depends on cost and uncertainty to drive nuisance-value settlements. Congress shouldn't disadvantage innovators to benefit those who profit from inefficiency.

PERA Effectively Abolishes Section 101

Even if Congress were concerned that there were particular problems with application of section 101 in certain areas, like medical diagnostic procedures, the right solution would be to target the use of section 101 in those specific areas. PERA doesn't do that. As a practical matter the current draft of the bill eliminates section 101 altogether. While there are nominally a few things excluded from patentable subject matter, all those exclusions are illusory.

- Products of nature are excluded, but all one needs to do is remove a natural product from its surroundings or add something to it and you can get a patent. PERA wouldn't allow you to patent a tree standing in the forest but would allow you to patent a leaf you broke off that tree.
- Mathematical formulas and ideas in the human mind aren't patentable, but they become patentable as long as you can characterize them as a process or as long as you implement them in a computer. PERA wouldn't

allow you to patent adding two numbers together in your head, but it would allow you to patent having a computer do addition, and it would even allow you to patent addition using a pencil and paper as long as you described it as a process.

- Business, financial, legal, and even artistic "inventions" are excluded, but all you need to do is implement them in a computer and they magically become patentable. PERA wouldn't allow you to patent a song you write, but it would allow you to patent the same song if it must be performed on a guitar or a synthesizer, because the device was necessary to produce it.

The limitations on patentable subject matter have been around for hundreds of years. Even if Congress is not persuaded by the evidence that the innovation community is doing just fine after *Alice*, PERA is a dramatic overcorrection. It isn't ready for prime time.