# Are Obvious Patent Requests Simple Omissions—or Crimes?

## Why the patent application process needs narrower boundaries

In another win for those who believe patents are too easy to get, the United States Supreme Court, in a unanimous decision, invalidated four more software patents, thereby overruling every single patent case that came before it last term.

The case, Alice Corp. v. CLS Bank (Alice), concerned software that was used on a computer to escrow funds between buyers and sellers, minimizing settlement risk. The Court was tasked with clarifying when an analytical method (i.e., escrowing) performed on a computer is eligible for a patent. The Court made this determination using Section 101 of the Patent Act.

Some pundits wonder why the Court focused its inquiry on a Section 101 analysis, and why it ultimately issued a judge-made rule, when it could have easily invalidated the patents under Section 103 of the Patent Act. That section precludes from patent protection any invention that is obvious. Thus, if prior art exists, an invention is obvious and the patent cannot stand.

> **Bad patents stifle innovation, with the only downside being financial.**

Section 101, on the other hand, requires an invention to be new and useful, precluding from patent protection any invention that is abstract, although the word *abstract* does not appear in the code. Section 101 is a gatekeeper statute; if an invention does not pass 101 muster, there is no 103 analysis.

One reason the Court used Section 101 is that the issue on appeal was not whether the claims in the application were obvious in light of prior art. Rather, it was whether the claims were valid and eligible for patent protection, a 101 question.

Section 101, a very short statute, "needs a level of interpretation," says Electronic Frontier Foundation staff attorney Daniel Nazer, explaining why the Court issued a judge-made rule. Nazer says the 101 analysis is important because, "if abstract ideas are patentable, then 103 is not enough."

The effects of Alice are already cascading to the lower courts. But bad patents still stifle innovation, and currently there is no real downside, other than financial, to rein in inventors from submitting applications for those bad patents. It begs this question: Should there be stiffer penalties for those who submit applications for inventions that are not patent-eligible?

Walt Tetschner, long-time speech industry analyst, believes there should. The biggest issue surrounding bad patents, he says, is that although inventions must be novel and unique to be patent-eligible, this criterion is routinely ignored by inventors. "People are patenting stuff that's been around for years."

He gives the example of text-to-speech with emotion, for which IBM obtained a patent. However, he says, DecTalk was controlling emotion in the 1980s, as was Loquendo after that. It is not clear on the surface how IBM's system differs from DecTalk and Loquendo's, thus there is an appearance that the patent may include prior art.

Tetschner advocates for criminal penalties similar to lying under oath for inventors who submit patent applications when they are aware of prior art.

Patent attorneys and inventors are already obligated to disclose to the United States Patent and Trademark Office any pertinent prior art of which they are aware. Failure to do so is called inequitable conduct. But criminal penalties do not attach to conducting oneself inequitably. The worst that would happen, if the patent is challenged in court and if it is found that relevant information was withheld, is that the court could invalidate the patent and, possibly, the attorney could be subject to discipline.

Patent attorney Pejman Yedidsion, for one, is not in favor of criminal penalties attaching to patent applications, for many reasons. "It's really difficult to prove later if an inventor had prior knowledge." And there is no requirement that an applicant search for prior art; that's the patent examiner's job. The patent process is also an ex parte system, with no oversight, so there may be more incentive to submit questionable claims than to not.

There are no easy answers, but something needs to change. Addressing the incentives may be a place to start. ☒

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