



**TRIPS Non-Discrimination
Principle: Is *Alice* Really the End
of NPEs?**

February 20, 2015

Texas Intellectual Property Symposium

Stefania Fusco, J.S.D.
Visiting Assistant Professor, DePaul College of Law
Senior Lecturer, Notre Dame Law School
Stefania.Fusco.7@nd.edu

[Overview]

- Article 27(1) TRIPS
- *Alice v. CLS Bank* and its aftermath
- The US interpretation of Article 27(1) TRIPS
- Article 31(3)(b) of the Vienna Convention on the Interpretation of Treaties
- Is §101 going to be challenged under TRIPS?
- Conclusion

[**Article 27(1) TRIPS**]

“Subject to the provisions of paragraphs 2 and 3, **patents shall be available for any inventions, whether products or processes, in all fields of technology**, provided that they are new, involve an inventive step and are capable of industrial application. Subject to paragraph 4 of Article 65, paragraph 8 of Article 70 and paragraph 3 of this Article, **patents shall be available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.**”

Alice v. CLS Bank

- The *Mayo* test
- Need **inventive concept** beyond the abstract idea
- The aftermath of *Alice*
 - The PTO has stated issuing “*Alice* rejections”
 - District Courts have invalidated one software patent after another
 - The Federal Circuit has been strictly applying the “*Alice* standard”
 - 40% drop in number of patent litigations (Lex Machina)
- Is this a problem under TRIPS?
 - United States – Section 110(5)

[Egypt]

“Please, explain whether an invention within the categories specified below may be patented under Egyptian Law if it is novel, involves an inventive step, and is industrially applicable [...] (c) process inventions that facilitate the conduct of business”

[Cyprus]

“Section 5(2)(c) of the Patent Law of 1998 states that methods of doing business and computer programs shall not be regarded as inventions. Please explain the reasoning behind these exceptions based on the field of technology, given that the standards for patentability in the law are those called for in Article 27.1 of the TRIPS Agreement i.e. that an invention be novel, involve an inventive step, and be industrially applicable.”

[Jordan]

“Article 4(B) contains an exclusion for “mathematical methods.” Jordan previously explained that this applies to only purely mathematical subject matter. Furthermore, there is no exclusion for “computer related inventions.” Please, confirm that the exclusion for “mathematical methods” refers only to purely mathematical subject matter and not to “business methods” or “computer related inventions.”

[China]

- “Please, inform us as to whether or not process inventions that facilitate the conduct of business are eligible to be patented if they are otherwise novel, involve an inventive step and are industrially applicable.”
- “Has China granted any patents for business methods? If so how many? How many enforcement actions have involved such business method patents since their issuance?”

[Article 31 – Vienna Convention]

“1) A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms in their context and in light of its object and purpose ...

3) There shall be taken into account, together with the context: ...

b) any **subsequent practice in the application of the treaty** which establishes the agreement of the parties regarding its interpretation”

Brazil – Measure Affecting Patent Protection

“I am pleased to report that my government will agree to terminate the WTO panel proceeding without prejudice concerning the interpretation of Article 68 ... While we had real concerns regarding the potential use of Article 68 ... we note that this provision has never been used ... **In addition, we would expect Brazil not to proceed with further dispute settlement action regarding section 204 and 209 of the US patent law.**”

Conclusion

- It is still unclear if Article 27(1) TRIPS covers software and business methods
- In the past the US has acted and/or interpreted Article 27(1) TRIPS in a way to include software and business methods
- *Alice* seems to have substantially reduced the level of protection provided
- The US has lost significant leverage within the context of WTO disputes

[

]

Thank You!