

Patentable Subject Matter and Non-Patent Innovation Incentives

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In four patentable subject matter cases in the past five Terms, the Supreme Court has repeatedly reaffirmed the judicially created prohibitions on patenting "abstract ideas" or "nature." But since the Court has failed to give much guidance beyond its specific holdings, the boundaries of these exceptions remain highly contested. The dominant justification for patentable subject matter limitations is utilitarian, so debates often focus on whether patents are needed to provide adequate innovation incentives in disputed subject matter areas such as software or genetic research, and whether their costs outweigh these benefits. Yet many participants in these debates ignore that the absence of patents does not imply that there would be only private incentives such as reputational gains or first-mover advantage. Rather, federal and state governments facilitate transfers to researchers through a host of mechanisms - including tax incentives, direct grants and contracts, and prizes - which already provide substantial research support in the fields where patents are the most controversial. Paying attention to non-patent incentives is particularly important in patentable subject matter cases, as it could prevent courts from being misled by the concern that a lack of patents for a certain type of invention would remove all incentives for nonobvious and valuable research in that field. Non-patent innovation incentives could also help ease the tension between utilitarian and moral considerations in the current patentable subject matter debates: if many people find patents on certain inventions (such as "human genes") morally objectionable, utilitarian goals can still be served by using other transfer mechanisms to substitute for the incentive effect of patents. Indeed, non-patent incentives may be more effective than patents in these areas, where inventors who share moral objections find little incentive in patents, and those who don't still find the patent incentive to be dulled by the persistent uncertainty that has plagued patentable subject matter doctrine in recent years. Wider appreciation of the range of innovation incentives would help bring patentable subject matter discussions in line with the realities of scientific research, and might even make this doctrinal morass more tractable.

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