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The Patentability of Processes

By Dan Rosenberg and Nelson Capes

The Federal Circuit has issued a long-awaited decision on the patentability of processes. *In re Bilski* will affect the validity of many existing process or method patents, as well as the ability to receive new patents of this type. The most direct impact will be on patents for business methods. The Court did not strike down the entire field of business method patents, but narrowed the scope by adopting a more restrictive test for determining the difference between an acceptable process claim and overly broad claims that seek to preempt all use of fundamental principles.

The Court stated that, in its view, "[t]he Supreme Court... has enunciated a definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to pre-empt the principle itself. A claimed process is surely patent eligible... if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." The Federal Circuit ruled that this is the only test for determining the eligibility of processes and methods for patent protection.

In announcing the single "machine or transformation" test, the Court struck down a host of other tests that courts and the U.S. Patent and Trademark Office (USPTO) have relied on in the past, including:

1. the *Freeman-Walter-Abele* test, which held that process claims that include mathematical algorithms are patentable if the claim includes physical elements or process steps (apart from the algorithm itself);
2. the *State Street* "useful, concrete, and tangible result" test, which stated that any process claim that produced a useful, concrete and tangible result satisfied the patentable subject matter test;
3. the "technological arts" test, which required a process claim to recite some type of "technology" to satisfy the patentable subject matter test; and
4. the "physical steps" test, which attempted to prevent patenting of processes that consist of nothing but a series of mental steps or activities.

A large number of patents were granted based on one or more of these tests, and in fact it was the issuance of the *State Street* decision in 1995, which is credited with initiating the patentability of business methods. Patents issued under the *State Street* test (as well as others) are now of questionable validity. Before relying on these type of patents, it is advisable to consider whether these patents satisfy *Bilski's* "machine or transformation" test.

Most affected by *Bilski* will be business methods which claim information-age processes, such as the processing of electronic signals, manipulation of data, or the manipulation of abstract concepts like legal obligations, organizational relationships, business risk, and/or inventions that can be carried out without the use of any technology. Care will be needed when dealing with patents and patent applications of these types to ensure that they meet the requirements set forth by *Bilski*.

Bilski is also important for what it did not say—it did not attempt to define "machine," "article" or "transformation." These refinements will be left to other courts to determine, including the U.S. Supreme Court. *Bilski* openly invited the Supreme Court to weigh in on the matter, an event that could occur if the case is appealed. Further development and uncertainty in this area of patent law are inevitable.