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PatentsUSA.com Article

Title1:

Software Patents Still Possible after Bilski

Title 2:

Supreme Court Agrees to Review Bilski decision

Article Summary:

In the case of *In re Bilski*, 545 *F.3d* 943 (Fed. Cir. 2008) (en banc), the Federal Circuit affirmed a rejection of all of Bilski's claims under 35 U.S.C. 101 as not being directed to patent-eligible subject matter. Some commentators suggested that this was the end of software patents. While certainly a nail in the coffin for business method patents, the U.S. Patent and Trademark Office continues to issue software patents despite the Bilski decision. The Supreme Court has now decided to review the Bilski decision and is likely to at least partially reverse.

Article: Content:

In October 2008, the Federal Circuit reviewed the decision of the Board of Patent Appeals and Interferences that discussed below in a 132 page decision. The Board had sustained a rejection of all eleven claims under 35 U.S.C. 101 as not directed to patent-eligible subject matter. The Federal Circuit affirmed, holding that Bilski's claims were not statutory under 35 U.S.C. 101.

In this case, the Federal Circuit was reacting to Supreme Court criticism during oral arguments in *Laboratory Corp. of America Holdings v. Metabolite Laboratories* against the *State Street* test.

Bilski's patent application claimed a method of hedging risk in commodities trading.

The Federal Circuit looked at the Supreme Court's *Benson* decision where the Supreme Court held that because an algorithm had no uses other than those that would be covered by the claims (any conversion of BCD to pure binary on a digital computer), the claims pre-empted all uses of the algorithm and thus were effectively drawn to the algorithm itself.

Continuing its focus on *Benson*, the Federal Circuit stated that the Supreme Court in that case enunciated a definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application rather than to pre-empt the principle itself. A claimed process is surely patent-eligible under Section 101 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 involvement of the machine or transformation in the claimed process much not merely be insignificant extra-solution activity. This is the test that the Federal Circuit would use going forward, not the State Street test.

The Federal Circuit disavowed the State Street test of "useful, concrete, and tangible result" and stated that this inquiry is insufficient to determine whether a claim is patent eligible under

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Section 101. State Street was the case that opened the door wide open to business method claims of all types. The door is no longer wide open.

The Federal Circuit then held that Applicants' process as claimed did not transform any article to a different state or thing. The claims were therefore non-statutory.

Keep in mind that *Bilski* and *Benson* only considered method claims. An open question was how much of a machine is required? A general purpose computer may not be sufficient. The Federal Circuit indicated that the machine must be intimately tied to the claimed steps. The USPTO Board of Appeals has recently held that *Beauregard* claims are statutory but that doesn't mean that the Federal Circuit would agree as a general proposition. Also, the U.S. Patent and Trademark Office and the Federal Circuit tend to apply method tests to apparatus claims with respect to 35 U.S.C. 101 when it comes to software. *Diamond v. Diehr* (which held that which held that the execution of a method, controlled by running a computer program, was statutory) is good Supreme Court law and is more recent than *Benson*.

The Supreme Court, on June 1, 2009, decided to accept the *Benson* case for review. It seems likely they will reverse, at least in part, or they would probably not have taken the case. Even if the Supreme Court does not make significant changes, it is still possible to obtain allowance of software patents with careful drafting.

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Deepak Malhotra is a registered US patent attorney with a BSEE degree, a Juris Doctor degree, and over 20 years experience in patent preparation and prosecution before the U.S. Patent and Trademark Office. He is licensed to represent inventors from anywhere in the U.S. or around the world before the U.S. Patent and Trademark Office. Deepak is a software patent attorney who specializes in helping businesses in filing software patents.

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