

## Questions Surrounding a Shift to an “Abstract Idea” Test

After the Supreme Court’s recent decision in *Bilski*, there are yet more questions about what constitutes patent-eligible subject matter under § 101, as the focus of the analysis appears to be shifting from the machine-or-transformation test to the amorphous question of whether a claimed method is an attempt to patent an abstract idea.

In *Bilski*, the Supreme Court struck down the Federal Circuit’s ruling that a method claim must satisfy the machine-or-transformation test in order to be patentable under § 101. Instead, the Court advised that while the machine-or-transformation test “is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101,” the “machine-or-transformation test is not the sole test for deciding whether an invention is a patent-eligible ‘process.’”<sup>1</sup> The Court stressed that its existing precedents establish “broad patent-eligibility principles” with the only exceptions being “laws of nature, physical phenomena, and abstract ideas.”<sup>2</sup>

Within this framework, Justice Kennedy, joined by Chief Justice Roberts and Justice Thomas, made clear that “the Patent Act leaves open the possibility that there are at least some . . . business methods that are within patentable subject matter under § 101.”<sup>3</sup> However, the Court unanimously agreed that *Bilski*’s claims to be outside the scope of § 101, with a majority finding that the “claims attempt to patent the use of the abstract idea of hedging risk.”<sup>4</sup>

Thus, the ultimate question for patentability of method claims now appears to be whether the method is an abstract idea. A post-*Bilski* USPTO memorandum to Examiners follows this in principle, providing that:

Examiners should continue to examine patent applications for compliance with section 101 using the existing guidance concerning the machine-or-transformation test as a tool for determining whether the claimed invention is a process under section 101. If a claimed method meets the machine-or-transformation test, the method is likely patent-eligible under section 101 unless there is a clear indication that the method is directed to an abstract idea. If a claimed method does not meet the machine-or-transformation test, the examiner should reject the claim under section 101 unless there is a clear indication that the method is not directed to an abstract idea. If a claim is rejected under section 101 on the basis that it is drawn to an abstract idea, the applicant then has the opportunity to explain why the claimed method is not drawn to an abstract idea.<sup>5</sup>

Interestingly, not only does the ultimate question now appear to be whether a method is drawn to no more than an abstract idea, but the burden appears to ultimately be placed on the applicant to show that a method is not just an abstract idea, rather than on the examiner to positively explain why a method is an abstract idea. There is certainly a question as to whether this procedure, which burdens claims that do not pass the machine-or-transformation test with a

difficult-to-meet escape from being labeled as abstract ideas, is really what the Supreme Court had in mind.

The bigger question, however, is: what exactly is an abstract idea? The *Bilski* opinion offers some guidance, but in doing so, also creates more questions. The Court indicated that “an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”<sup>6</sup> The Court reiterated “the need to consider the invention as a whole, rather than ‘dissect[ing] the claims into old and new elements and then ... ignor[ing] the presence of the old elements in the analysis.’”<sup>7</sup>

However, in finding *Bilski*’s claims to be directed to an abstract idea, the Court reasoned that “limiting an abstract idea to one field of use or adding token post-solution components did not make the concept patentable.”<sup>8</sup> In other words, the Court condones the practice of identifying certain claim elements as post-solution components and ignoring them, and analyzing patent-eligibility based solely on the remaining components. This seems to be in direct opposition to the proposition that claims should not be dissected into new elements (i.e., elements that are the solution) and old elements. This begs the question as to where the line is drawn between (i) not dissecting the claims and therefore considering the invention as a whole, and (ii) ignoring post-solution components for the purposes of a § 101 analysis. Moreover, it introduces the additional question of what exactly a post-solution component is. It will be interesting to see how this plays out in practice, as the Patent Office and courts apply *Bilski*.

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#### Endnotes

<sup>1</sup> *Bilski* Slip Opinion, Kennedy at 8 (majority opinion).

<sup>2</sup> *Id.* at 5 (internal quotations and citations omitted).

<sup>3</sup> *Id.* at 12.

<sup>4</sup> *Id.* at 15 (majority opinion); See also *Bilski* Slip Opinion, Stevens at 47, and *Bilski* Slip Opinion, Breyer at 1.

<sup>5</sup> Bahr, Robert W., Memorandum to Patent Examining Corps at 2 (June 28, 2010), available at <http://www.ipwatchdog.com/2010/06/28/uspto-memo-to-examiners/id=11439/>.

<sup>6</sup> *Bilski* Slip Opinion, Kennedy at 14 (majority opinion); quoting *Diamond v. Diehr*, 450 U.S. 175, 187 (1981).

<sup>7</sup> *Id.* at 15 (majority opinion); quoting *Diehr*, 450 U.S. at 188.

<sup>8</sup> *Id.*; citing *Parker v. Flook*, 437 U.S. 584 (1978).