The Supreme Court Decision In Bilski

By Rick Neifeld, Neifeld IP Law, PC[1]

On 6/28/2010, the Supreme Court rendered a decision in In re Bilski, affirming that Bilski's claims (for a process of hedging risk) were unpatentable for violating 35 USC 101, but only because they claimed an abstract idea. The Court also clearly held that the machine or transformation test is not the exclusive test for whether a process claim is a statutory process, but that it is a strong clue to whether a process claim is a statutory process.

In dicta, the Court split regarding whether business methods were categorically excluded from patentability, with five members (including retiring Justice Stevens) stating that they should be categorically excluded and four members stating that they should not be categorically excluded.

Those four Justices that stated that business method patents should not be categorically excluded specifically discussed software and other computer implemented invention patents in their analysis. Those five Justices that stated that business method patents should be categorically excluded from patentability, did not equate business method patents with computer implemented invention patents. Moreover, those five members of the Court that indicated that business methods should be categorically excluded, also distinguished general business method patents from computer implemented invention patents, stating that:

> Since Congress passed the 1952 Act, we have never ruled on whether that Act authorizes patents on business methods. But we have cast significant doubt on that proposition by giving substantial weight to the machine-or-transformation test, as general methods of doing business do not pass that test.

That statement indicates that the general methods of doing business (that five Justices of the Court would find unpatentable), do not include methods that pass the machine or transformation test.

Finally, the Opinion of the Court clearly left to the appellate Court the job of further refining what constitutes a 35 USC 101 statutory process.

How will this opinion affect patentabilty?

First, while technically dicta, five members of the Court would hold that "general business method patents" are invalid. In effect, business methods, uncoupled to a machine, such as a computer, are going to be held to be invalid by the lower courts, in view of this decision.

Second, there is likely to be no change in how the USPTO examines computer implemented invention claims for compliance with 35 USC 101. Under the current interpretation by the USPTO, any process which has a step tied to a computer or data processor, meets the machine or transformation test. Therefore, at least insofar as the USPTO is concerned, and at least at this time, process claims for computer implemented inventions in which steps are tied to a computer or data processor, are very likely to remain patentable subject matter. Also, system claims defining computers and how they are programmed, remain patentable subject matter.

Of course, future judicial review of patents relating to business methods and computer implemented inventions may change the USPTO's interpretation of what constitutes a patentable "process" within the meaning of 35 USC 101.

1. I can be reached via the firm website: http://www.Neifeld.com

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