

# R.E. Bushnell & Law Firm

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## Newsletter

The scope of Patentable Subject Matter  
in the United States

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## The scope of Patentable Subject Matter in the United States

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The Supreme Court of the United States, on June 1, 2009, granted a Petition for Certiorari Review in the case of *In re Bilski*, 2008 U.S. App. LEXIS 22479 (Fed. Cir. Oct. 30, 2008) (en banc). The Supreme Court decision that will result from this case will address the scope of what is considered patentable subject matter in the United States. The Bilski application contains claims directed to a process of doing business, i.e., a so-called "business method". The Supreme Court decision, however, will have ramifications far beyond the area of business methods, and will also impact applications directed to software, pharmaceutical, and biotechnological processes.

The Supreme Court will address two questions in the Bilski case. First, whether the Federal Circuit erred by holding that process claims must be tied to a particular machine or apparatus, or transform a particular article into a different state or thing (i.e., the "machine or transformation" test) to be eligible for patenting under 35 U.S.C. § 101. Second, whether the Federal Circuit's "machine-or-transformation" test for patent eligibility contradicts Congressional intent that patents protect methods of doing or conducting business under 35 U.S.C. § 273.

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## The Federal Circuit Decision

The Federal Circuit decision adopted the so-called "machine or transformation" test as the definitive, and only, test for whether a process is patentable subject matter. The test states that a process is patentable only if: "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." *Id.* at \*25.

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*“The Federal Circuit decision has already had an impact on PTO Board of Appeals Decisions.”*

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The Federal Circuit also identified two corollaries which should govern the application of the “machine or transformation” test. First, that “field-of-use” limitations are generally insufficient to render an otherwise unpatentable process claim patentable. That is, a claim directed to a process that is *not* tied to a particular machine or apparatus, or that does *not* transform an article into a different state or thing, is not made patentable by specifying that the process is limited to a particular technology or technological application. Second, that insignificant “post-solution activity” will not transform an unpatentable principle or abstract idea into a patentable process. For example, adding an insignificant step to a process claim to the effect that that an abstract idea or mathematical principle can be used for a particular application, will not render the abstract idea or mathematical principle itself patentable. See *Id.* at \*33-\*35.

The Federal Circuit decision has already had an impact on PTO Board of Appeals Decisions. The Board of Appeals has subsequently rejected even non-process claims under *Bilski* directed to a “portal server system” and “portal server” (*Ex parte Godwin*, 2008 WL 4898213(BPAI Nov. 13, 2008)), and claims directed to a computer program (*Ex parte Noguchi*, 2008 WL 4968270 (BPAI Nov. 20, 2008)). In both *Ex parte Godwin* and *Ex parte Noguchi*, the PTO Board of Appeals also stated that a process which transforms “data” is not patentable unless it is tied to a machine.

## Potential Impact of the Supreme Court Decision

Oral argument in the Supreme Court case will probably be scheduled for sometime in late 2009, with a decision likely to be issued sometime in late 2009 or early 2010. The decision will certainly affect a large number of so-called business method claims which do not require a machine (e.g., a computer) for their practice. The decision will also presumably impact many software claims directed to, for example, algorithms that transform mere data.

The Supreme Court decision, however, will also affect pharmaceutical and biotechnological process claims. For example, in *Laboratory Corp. of America Holdings v. Metabolite Laboratories, Inc.* 548 U.S. 124 (2006) the claims at issue were directed to a method for detecting a deficiency of cobalamin or folate in warm-blooded animals comprising: assaying a body fluid for a certain analyte, and correlating an elevated level of the subject analyte with a deficiency of cobalamin or folate. Such a process does not require a machine for its practice, nor does it appear to transform an article into a different state or thing. Therefore, such a claim may not be patentable subject matter under the Federal Circuit’s “machine or transformation” test.

## Recommendations

Applicants should note that the Federal Circuit expressly affirmed that business method claims were patentable as long as they meet the “machine or transformation” test. Applicants should, however, be advised that any process claims that are not connected to a machine, or which do not transform an article, will presently face rejection by the Patent Office under 35 U.S.C. §101. It would be advisable in new and pending applications therefore to include steps that recite the use of a machine, or transformation of an article. For issued patents, it may be advisable to take a wait and see approach, if possible, pending the outcome of the Supreme Court decision. Unfortunately, until the Supreme Court issues a decision, uncertainty will remain regarding the patentability of process claims that are not clearly connected to a machine or that do not transform an article.

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