

# EMERGING LESSONS FROM THE PATENTABILITY WARS

BY VERNON M. WINTERS AND NICHOLAS A. BROWN

## Introduction and Summary

In *Bilski v. Kappos*, the U.S. Supreme Court addressed a fundamental patent law question: Under 35 U.S.C. § 101, what kinds of inventions can be patented? That seemingly simple question has proved over time to be quite nettlesome. *Bilski* itself highlighted some of the difficulties. The Court there affirmed the Federal Circuit's *conclusion* that the claims at issue were merely abstract ideas and thus were not patentable subject matter. But the Court rejected the Federal Circuit's *methodology*, concluding that the Federal Circuit's test (the so-called machine-or-transformation test) was not a definitive test for patentability under § 101, but was merely a useful and important clue and an investigative tool. The Court declined to use the case to create a replacement for or even an alternative to the machine-or-transformation test, deeming it precipitous to do so, because adopting categorical rules might have wide-ranging and unforeseen impacts. Instead, the Court directed a return to first principles as defined by a core trilogy of its own § 101 precedents and invited the courts to develop standards compliant with the text and purposes of § 101.

With § 101 unmoored from a definitive, bright-line test, there was substantial initial uncertainty about how—or even whether—courts would apply § 101 to invalidate patents. However, in the first several post-*Bilski* district court opinions, § 101's statutory prohibition against claiming unpatentable subject matter was revitalized; a series of district court opinions applied *Bilski* to invalidate patents often, but not exclusively, in the controversial area of business method patents. Those cases, decided before the Federal Circuit could provide substantial post-*Bilski* guidance, hewed closely to *Bilski*'s guidance that the machine-or-transformation test was an important clue to patentability, and then confirmed their conclusions by comparing the claims at issue to the claims at issue in *Bilski* and the core pre-*Bilski* trilogy.

But, in a perhaps ironic example of unforeseen impacts, the Federal Circuit's initial jurisprudence has retreated somewhat. Thus far, that jurisprudence has declined the Supreme Court's invitation to develop new standards and has generally characterized § 101 as simply a coarse filter, with § 101's sister provisions in the Patent Code assigned the principal and preferred role in removing inappropriately issued patents from the stream of commerce.

Important lessons have emerged from *Bilski*'s aftermath. This article assesses the legal topography post-*Bilski* and extracts from it suggestions for those defending against method claims in light of the still difficult § 101 terrain.



## The Federal Circuit's § 101 Patentability Standards, Which Have Changed Over Time

The standards for determining whether an invention is directed to patent-eligible subject matter are still evolving. They have also been fluid over time. To understand the import of *Bilski*'s initial progeny, a brief review of core principles and the Federal Circuit's pre-*Bilski* standards is helpful.

Section 101 of the Patent Act defines the criteria used to assess whether a claim is directed to patentable subject matter. Patentability is a threshold inquiry: “[t]he first door which must be opened on the difficult path to patentability is § 101.” Only if the requirements of § 101 are satisfied is the inventor allowed to pass through to the other requirements for patentability, such as novelty under § 102 and ... non-obviousness under § 103.<sup>1</sup>

Under § 101, “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”<sup>2</sup> The statute defines “process” as “process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.”<sup>3</sup> Section 101 thus specifies four independent categories of inventions or discoveries that are eligible for protection: processes, machines, manufactures, and compositions of matter. “In choosing such expansive terms ... modified by the comprehensive “any,” Congress plainly contemplated that the patent laws would be given wide scope.”<sup>4</sup> Congress took this approach “to ensure that ‘ingenuity should receive a liberal encouragement.’”<sup>5</sup>

Despite the expansive statutory text (“any”) and the policy

of liberal encouragement of ingenuity, § 101 has limits beyond those its text specifically imposes. Indeed, read literally, § 101 would impose no limits on what processes are “patentable,” other than the requirements that the process be “new” and “useful.” The Supreme Court has made clear, however, that § 101 is not to be read literally.<sup>6</sup> In particular, the Court has instructed that laws of nature, physical phenomena, and abstract ideas are *not* patentable in view of § 101.<sup>7</sup>

In an effort further to clarify the limits of the prohibition against abstract ideas, a Federal Circuit panel articulated in the 1998 *State Street* decision a standard under which process patents would satisfy § 101 if the claimed process were “reduced to some type of practical application”—that is, produced “a useful, concrete and tangible result.”<sup>8</sup> As the concurring Supreme Court justices in *Bilski* explained, introducing that standard “preceded the granting of patents that ‘ranged from the somewhat ridiculous to the truly absurd.’”<sup>9</sup>

Notwithstanding its results, the *State Street* standard continued to apply until the Federal Circuit’s en banc opinion in *In re Bilski*.<sup>10</sup> There, the circuit rejected *State Street*’s “useful, concrete and tangible result” patentability test under § 101.<sup>11</sup> It explained that, “while looking for ‘a useful, concrete and tangible result’ may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle, that inquiry is insufficient to determine whether a claim is patent-eligible under § 101.”<sup>12</sup> Indeed, in unusually harsh language, the Federal Circuit emphasized that *State Street*’s “useful, concrete and tangible result” standard was “inadequate.”<sup>13</sup>

Stating that the Supreme Court’s precedents had “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,” the Federal Circuit articulated a two-pronged machine-or-transformation test, under which, for a process or method not to be abstract, it must either: (1) transform a particular article into a different state or thing or (2) be “tied to a particular machine or apparatus.”<sup>14</sup> The claims in *Bilski* were method claims that recited the steps of initiating a series of transactions between a commodity provider and consumers at a fixed rate, identifying market participants having a counter-risk position for that commodity, and initiating a series of transactions between the commodity provider and those market participants having a counter-risk position.<sup>15</sup> Applying the machine-or-transformation test, the Federal Circuit held that *Bilski*’s risk-hedging claims were not patentable.<sup>16</sup>

### ***Bilski v. Kappos* and the Preceding § 101 Supreme Court Trilogy**

In June 2010, the Supreme Court issued its opinion in *Bilski*, which promises to be only the latest step in the Supreme Court’s efforts to delineate the contours of § 101.<sup>17</sup> The Court affirmed the *result* that the Federal Circuit reached: that *Bilski*’s risk-hedging claims were unpatentable subject matter because they were directed to abstract ideas.<sup>18</sup> The Court instructed, however, that the Federal Circuit’s “machine-or-transformation test is not the *sole* test for deciding whether an invention is a patent-eligible ‘process.’”<sup>19</sup>

The Court did not disapprove of the test’s use. To the contrary, in its view, “[t]his Court’s precedents establish that the machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101.”<sup>20</sup>

But the Court declined the opportunity to replace the machine-or-transformation test with one that it approved or to provide an alternative. Indeed, the Court deemed such an effort to be premature. “Rather than adopting categorical rules that might have wide-ranging and unforeseen impacts,” it would return to first principles: its own § 101 precedents.<sup>21</sup> (This analytical methodology—rejecting bright-line tests in favor of a flexible approach based on Supreme Court precedent—echoed the Court’s methodology in both *KSR Int’l Co. v. Teleflex Inc.* and *eBay Inc. v. MercExchange LLC*, patent cases where the Court did essentially the same thing.<sup>22</sup>) Accordingly, in “searching for a limiting principle,” the Court looked inward to “this Court’s precedents on the unpatentability of abstract ideas [to] provide useful tools,” and “resolve[d] this case narrowly on the basis of” a trilogy of its own precedent: *Gottschalk v. Benson*, *Parker v. Flook*, and *Diamond v. Diebr*.<sup>23</sup>

In *Benson*, the Supreme Court rejected a patent application for a method for programming a general-purpose computer to convert binary-coded decimal numerals into pure binary numerals. The process used a particular technological environment—a piece of hardware called a re-entrant shift register—to carry out calculations. The Court described the claimed procedures as “a generalized formulation for programs to solve mathematical problems of converting one form of numerical representation to another. From the generic formulation, programs may be developed as specific applications.”<sup>24</sup>

Even though the claimed process was limited in that it required the use of a re-entrant shift register, the Court concluded that the claim at issue was “abstract and sweeping” and could cover “both known and unknown uses,” varying from “the operation of a train to verification of drivers’ licenses to researching the law books for precedents.”<sup>25</sup> In the Court’s view, the patent would “wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself.”<sup>26</sup>

*Flook* concerned a procedure for monitoring conditions, such as temperature, pressure, and flow rates during catalytic conversion processes.<sup>27</sup> When these variables exceeded predetermined “alarm limits,” a signal indicated the presence of an abnormal condition. The patent application described a method for updating alarm limits by measuring the present value of the variable at issue, using an algorithm to calculate an updated value, and adjusting the limit. The only difference between the conventional method for changing alarm limits and the application’s method was the use of the algorithm.

The Court affirmed that the claims ran afoul of § 101 and, in particular, rejected the assertion that the presence of specific “post-solution” activity—there, adjusting the alarm limit to a figure calculated by the formula—could transform an unpatentable principle into a patentable process. “A competent draftsman could attach some form of post-

solution activity to almost any mathematical formula; the Pythagorean theorem would not have been patentable, or partially patentable, because a patent application contained a final step indicating that the formula, when solved, could be usefully applied to existing surveying techniques.”<sup>28</sup>

Finally, in *Diehr*, the Court limited the principles articulated in *Benson* and *Flook*. The claims in *Diehr* were directed to a previously unknown method for molding raw, uncured synthetic rubber into cured precision products, using a mathematical formula to complete some of its several steps with a computer. *Diehr* explained that while an abstract idea, law of nature, or mathematical formula could not be patented, “an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”<sup>29</sup> In this regard, the Court in *Bilski* explained *Diehr* to mean that “the prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.’”<sup>30</sup> *Diehr* also emphasized 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>31</sup> Finally, the Court concluded that, because the claim was not “an attempt to patent a mathematical formula, but rather [was] an industrial process for the molding of rubber products,” it did not run afoul of § 101’s prohibitions.<sup>32</sup>

*Bilski* thus looked inward and emphasized the import of the Court’s precedent. *Bilski* did not revive *State Street* or other prior Federal Circuit tests; quite the contrary, it disapproved of them, deeming them extreme.<sup>33</sup> At the same time, the Court did not foreclose “the Federal Circuit’s development of *other* limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text.”<sup>34</sup>

## Section 101 Post-*Bilski*: The Initial Predictions

With § 101 unmoored from a definitive, bright-line test, many initially predicted that it would be difficult to apply. The country’s leading patent scholar, for example, archly observed that “[p]ut simply, the problem is that no one understands what makes an idea ‘abstract.’”<sup>35</sup> Given that observed lack of understanding, he presciently predicted that the district courts would “fall back on the one test that has been articulated”—the criticized machine-or-transformation test.<sup>36</sup> Another leading scholar despaired that, “[i]n its effort to shoehorn analysis of patentable subject matter into a textualist mold, the Court collapsed the rich historical development of patentable subject matter doctrine into three amorphous, static, and ill-defined exceptions. The resulting methodology and analysis are incoherent.”<sup>37</sup> At a Spring 2011 invitation-only patent conference in San Francisco sponsored by The George Washington University Law School, a panel of distinguished general counsel from major technology companies was asked what legal issue—not just patent issue, but what legal issue—was the most challenging on which to advise boards of directors. A majority responded that *Bilski* issues were the most challenging precisely because of the perceived unpredictability of the statute.

## The Initial Responses in the Trenches—Early District Court Rulings

The first post-*Bilski* judicial results emerged from the venue where initial legal battles are fought: the district courts. In the district courts, *Bilski*’s initial effect was to revitalize § 101. In results reached before the Federal Circuit had substantial opportunity to provide further guidance regarding *Bilski*’s teachings, district courts applied § 101 in a variety of cases to invalidate patents, as the following chart reflects.<sup>38</sup>

### Summary of District Court Decisions Related to Patent Claims

Case	Patent Claims Invalidated	Procedural Vehicle
<i>Accenture Global Services GmbH v. Guidewire Software Inc.</i> (D. Del. May 31, 2011)	Invalidated system and method claims of two patents directed to two programs for developing component-based software for the insurance industry	Summary judgment after claim construction
<i>Glory Licensing LLC v. Toys “R” Us Inc.</i> (D.N.J. May 16, 2011)	Invalidated method, system, and computer-readable media claims in three patents	12(b)(6) without claim construction
<i>CLS Bank v. Alice Corp.</i> (D.D.C. March 9, 2011)	Invalidated claims of two method patents and two system patents directed to methods and apparatus relating to the formulation and trading of risk management contracts	Summary judgment without claim construction (court assumed construction favorable to patentee)
<i>Bancorp Services LLC v. Sun Life Assurance Co. of Canada</i> (E.D. Mo. Feb. 14, 2011)	Invalidated claims of two claims directed to systems of administering and tracking life insurance policies issued pursuant to specified plans	Summary judgment without claim construction (court faulted patentee for not flagging any disputed construction issue)
<i>Graff/Ross Holdings Ltd. v. Federal Home Loan Mortgage Corp.</i> (D.D.C. Aug. 27, 2011)	Invalidated claims of a method patent directed to a method for generating, using a computer, a purchase price for at least one component of property	12(b)(6) deemed to be summary judgment motion, without claim construction (court found construction unnecessary)
<i>Ultramercial LLC v. Hulu LLC</i> (C.D. Calif. Aug. 13, 2011), rev’d, ___ F.3d ___ (Fed. Cir. Sept. 15, 2011)	Invalidated claims of a method patent directed to a method for allowing Internet users to view copyrighted material free of charge in exchange for watching certain advertisements	Summary judgment without claim construction (court faulted patentee for not flagging any construction issue that affected the outcome)
Case	Patent Claims Not Invalidated	Procedural Vehicle
<i>The Chamberlain Group Inc. v. Lear Corp.</i> (N.D. Ill. Nov. 24, 2010)	Rejected § 101 challenge to claims of three patents directed to remote garage door opener systems, because the claims were directed to a machine that was more than a general-purpose computer	Summary judgment after claim construction

That five different judicial districts across the country invalidated patents early in litigation, sometimes without claim construction, does not suggest that the district courts regarded *Bilski* as signaling a retreat from using § 101 as a tool to police patents, or that they were struggling to discern *Bilski*'s lessons or to apply its analytical methodology. There could, of course, be any number of reasons for that. It may be that the courts regarded the claims at issue in these cases to be low-hanging fruit, as it were, from a patentability perspective—that even if § 101's contours, as explained in *Bilski*, are difficult to define with great precision, *Bilski*'s central teachings were specific enough to invalidate those claims. It may be that the district courts understood *Bilski*'s observation that “some business method patents raise special problems in terms of vagueness and suspect validity” to invite greater § 101 scrutiny of the claims at issue in those cases.<sup>39</sup> Or, to acknowledge the realpolitik that can sometimes play a subsurface role in litigation, it may have been that those courts had the firm sense that the pre-trial ruling invalidating them would prompt a settlement and the claims were sufficiently close to § 101's *Bilski*-defined borders to justify that ruling. (And, of course, *Hulu* was reversed.)

### The Initial Federal Circuit Jurisprudence

Notwithstanding *Bilski*'s invitation for the courts to develop “other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text,” the Federal Circuit's initial jurisprudence has been largely a move to the jurisprudential safety of *Bilski*'s core holdings and, in policing the issuance of patents, to re-emphasize the import of § 101's sister provisions requiring that an invention be novel (§ 102), not obvious (§ 103), and fully and particularly described and enabled (§ 112) as the principal analytical tools.

*Classen Immunotherapies Inc. v. Biogen IDEC*, which reflected the “benefit of this court's analyses of” § 101 in several of its initial post-*Bilski* cases, best exemplifies this.<sup>40</sup> Claims from three patents were at issue in *Classen*. In the first two, the representative claims were “directed to a method of lowering the risk of chronic immune-mediated disorder, including the physical step of immunization on the determined schedule.”<sup>41</sup> The third patent was “directed to the single step of reviewing the effects of known immunization schedules, as shown in the relevant literature.”<sup>42</sup> The initial panel had concluded that all the involved patent claims from the three asserted patents were invalid, but the Supreme Court vacated in light of *Bilski*.<sup>43</sup> On remand, the panel sharply reversed course and concluded that “the claimed subject matter of [the first] two of the three patents is eligible under § 101 to be considered for patenting.”<sup>44</sup>

In doing so, the panel wrote that it understood the *Bilski* Court to have “reiterated its concern for ‘barr[ing] at the threshold,’” and to have “encouraged preservation of the legal and practical distinctions between the threshold inquiry of patent-eligibility [under § 101] and the substantive conditions of patentability [under other provisions of 35 U.S.C.].”<sup>45</sup> Consistent with that perceived distinction and encouragement, *Classen* emphasized the teachings of its

post-*Bilski* jurisprudence that “[t]he § 101 patent-eligibility inquiry is only a threshold test,”<sup>46</sup> and an admittedly imprecise one at that: § 101 is merely “a ‘coarse eligibility filter,’ not the final arbiter of patentability,”<sup>47</sup> because §§ 102, 103, and 112 were the “most reliable” tools for resolving whether an invention is patentable.<sup>48</sup> This acknowledged imprecision was justified on the basis of *Bilski*'s admonitions that “[r]ather than adopting categorical rules that might have wide-ranging and unforeseen impacts, exclusions from patent-eligibility should be applied ‘narrowly.’”<sup>49</sup> Perhaps defensively, the *Classen* opinion asserts that these other “more reliable” tools represent “powerful [ways] to weed out claims.”<sup>50</sup>

According to *Classen*, § 101 as interpreted in *Bilski* operates to deny patent protection on the grounds that an invention is “abstract” only in very narrow circumstances: “this disqualifying characteristic should exhibit itself so manifestly as to override the broad statutory categories of eligible subject matter and the statutory context that directs primary attention on the patentability criteria of the rest of the Patent Act.”<sup>51</sup> Under this approach, “the preferable procedure, when the claims are within the general classes of §101 subject matter and not manifestly abstract, is to apply the substantive conditions and requirements of patentability.”<sup>52</sup> *Classen* recognized that, although *Bilski* “never provide[d] a satisfying account of what constitutes an unpatentable abstract idea,”<sup>53</sup> the circuit's post-*Bilski* jurisprudence had not “presumed” to define “abstract,” and neither would the *Classen* opinion.<sup>54</sup>

Judge Moore dissented. She agreed with the majority that “the precise line to be drawn between patentable subject matter and abstract idea is quite elusive.”<sup>55</sup> And, in the main, she did not contest the majority's description of the principles to be drawn from *Bilski*. But she forcefully diverged in how those general principles applied to the claims at issue.

In her view, “the claims at issue [were] to a fundamental scientific principle so basic and abstract as to be unpatentable subject matter and therefore I would affirm the district court's grant of summary judgment of invalidity under § 101. *Classen* claimed a monopoly over the scientific method itself.”<sup>56</sup> Judge Moore concluded that the claims were comfortably within the boundaries of § 101's prohibitions, wherever they lie, because “[t]hese claims do nothing more than suggest that two immunized groups be compared to determine which one is better. These are exactly the type of ‘abstract intellectual concepts’ that ‘are the basic tools of scientific and technological work.’”<sup>57</sup> Judge Moore found the claims to be “staggeringly broad and abstract.”<sup>58</sup> In her view, *Classen* could not “escape the fundamental abstractness of his claims by limiting them to a single field of use—immunization—since ‘the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use ... to a particular technological environment.’”<sup>59</sup> Judge Moore also invoked countervailing policies that supported her reasoning, explaining that “[p]atent law seeks to avoid the dangers of overprotection just as surely as it seeks to avoid the diminished incentive to invent that underprotection can threaten.”<sup>60</sup>

The *Classen* majority, the teachings of which a Federal Circuit panel relied on soon thereafter in *Hulu*,<sup>61</sup> appears to continue a jurisprudential retreat to *Bilski*'s core holdings that began in *Research Corp.*, and continued in *Prometheus Labs* and *Association for Molecular Pathology*. Indeed, the *Classen* majority's analysis specifically invoked what it described as the "benefit" of the guidance those earlier cases provided.<sup>62</sup> Read together, those five cases describe § 101 as a threshold test<sup>63</sup> and a coarse filter,<sup>64</sup> caution against using § 101 to bar inventions at the threshold,<sup>65</sup> caution against conflating § 101 analysis with the other conditions and requirements of Title 35,<sup>66</sup> assert that those other requirements are adequate and indeed are powerful and more reliable tools for assessing what inventions merit a patent,<sup>67</sup> urge that exclusions from patent eligibility be applied narrowly,<sup>68</sup> and caution against upsetting settled expectations of the inventing community.<sup>69</sup> Indeed, the Federal Circuit's post-*Bilski* jurisprudence echoes a suggestion in *Bilski* that the machine-or-transformation test, although generally serving as a useful and important clue, may not be useful in evaluating "inventions of the Information Age."<sup>70</sup>

The eloquent and cogent majority and dissenting opinions in *Classen* exemplify the inherent difficulties in defining the jurisprudential boundary between an idea that is too "abstract" to merit patent protection from one that is not. From that perspective, it is understandable both as a matter of principle and as a matter of pragmatism that the courts would look to the other sections of Title 35 as the principal patent-policing tools. For those defending against claims that may ultimately fail, however, that end point can impose substantial costs. Patent cases present substantial direct and indirect costs, and the initial revitalization of § 101 offered such defendants the opportunity for early resolution of cases. Courts often look to counsel for suggestions, in the initial case management conferences, about whether the case presents any such opportunities. Section 101, as initially revitalized, presented a good one: a question of law that, unlike obviousness for example, did not depend on underlying questions of fact and could often be resolved without claim construction. Undue reliance on the other sections of Title 35 deprives both litigants and the courts of what could be an effective tool for early dispute resolution in a wide swath of cases.

With that in mind, for those defending against patent claims arguably subject to § 101's prohibitions, a number of important lessons are emerging from the still nascent and still evolving § 101 topography.

### Lessons From the Still-Evolving Topography

1. *Coordinate your § 101 and other validity attacks.* As the *Bilski* jurisprudence's emphasis on Title 35's other provisions suggests, it can be difficult to discern whether a claim that seems vulnerable has a § 101 problem or has some other problem—obviousness, perhaps. Claims that are difficult to analyze under § 101 are often difficult precisely because they straddle a line between two invalidity problems. Do not let your opponent turn a line that it straddles into a gap that it exploits.

Coordinate your § 101 and other invalidity attacks and, in particular, consider presenting them at the same time. Doing so may require waiting until later in the case to present a motion, but it avoids placing the court in the binary position of invalidating the patent on § 101 grounds or rejecting the validity attack. Instead, it allows the court, if it feels for any reason uncomfortable with a § 101-based invalidation, the ability to turn to one of Title 35's other powerful, reliable provisions.

2. *Do not overlook indefiniteness attacks.* Given the high bar required to prove that a claim is indefinite, indefiniteness has been something of a poor stepchild in defending against patent infringement claims—a defense not often surfaced, and not generally well-received when it is. However, in two of its post-*Bilski* opinions, the court has sent a signal that indefiniteness may be a useful tool for attacking claims that come close to being too abstract, and the court has issued only a few § 101 opinions post-*Bilski*.<sup>71</sup> The strength of that signal may portend renewed judicial receptivity to the indefiniteness defense.

3. *Present new patentability tests.* In *Bilski*, the Supreme Court explicitly invited the creation of new § 101 tests that were consistent with its text and furthered the purposes of the Patent Act. Such invitations are relatively rare. Heed it. Litigants disputing patentability have a real opportunity to shape patentability law in fundamental ways. In this regard, leading patent scholars have already displayed advanced and nuanced thought about how § 101 inquires should proceed.<sup>72</sup> Their continued scholarship may provide fertile soil from which to harvest useful patentability theories.

That is not to say that the machine-or-transformation test should be disregarded. It continues to play an analytical role—and sometimes a dominant one—in judicial treatment of § 101 issues. In most of the cases charted above, for example, the court first considered whether the invention met the machine-or-transformation test, and then considered *Bilski* and the *Benson, Flook*, and *Diehr* trilogy. In all cases where applicable, if the invention met the machine-or-transformation test, the invention was patentable. If the invention failed the machine-or-transformation test, it was not patentable. In *AMP*, the Federal Circuit relied on the test to confirm its analysis. The Federal Circuit will need assistance in developing the invited new patentability tests, and the principal vehicle for that assistance will be litigants who are creative and thoughtful in fashioning new theories.

4. *Involve amici, even in arguments before a panel.* Concerns about unintended consequences and upsetting settled expectations pervade the *Bilski* jurisprudence. By helping the court to assess the practical consequences of a decision, briefs from amici can help assuage those concerns. That can be particularly true if the brief is joined by several important participants in the market or is on behalf of a respected bench/bar or nonprofit association. And do not limit amici participation to en banc or Supreme Court cases, to which such participation is generally confined. At any number of

patent conferences, a variety of Federal Circuit judges have noted that judicious amicus participation in panel decisions would be helpful and welcome.

## Conclusion

This is an important time in § 101's jurisprudence. The way that patentability theories are developed and presented and the quality of the near-term § 101 advocacy will have outsized effects on that jurisprudence. The courts will be looking to litigants and scholars to help navigate the uncertain terrain. It will be important to heed that call. **TFL**

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*Vernon M. Winters and Nicholas A. Brown are patent lawyers with substantial experience representing high-technology and bio-pharma companies in commercially significant litigations. They have tried and litigated cases in jurisdictions across the country. © 2011 Vernon M. Winters and Nicholas A. Brown. All rights reserved.*

## Endnotes

<sup>1</sup>*In re Comiskey*, 554 F.3d 967, 973 (Fed. Cir. 2009) (citations omitted); *see also id.* (“We do not reach the ground relied on by the Board below—that the claims were unpatentable as obvious over Ginter in view of Walker, Perry, and ‘Arbitration Fee Schedule’—because we conclude that many of the claims are ‘barred at the threshold by § 101.’ *Diamond v. Diebr*, 450 U.S. 175, 188 (1981).”); *In re Bilski*, 545 F.3d 943, 950–51 (Fed. Cir. 2008), *aff’d*, 130 S. Ct. 3218 (2010) (“Whether a claim is drawn to patent-eligible subject matter under § 101 is a threshold inquiry, and any claim of an application failing the requirements of § 101 must be rejected even if it meets all of the other legal requirements of patentability.”) (citations omitted).

<sup>2</sup>35 U.S.C. § 101.

<sup>3</sup>*Id.*, § 100(b).

<sup>4</sup>*Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010) (quoting and citing *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980)).

<sup>5</sup>*Id.* (citing *Chakrabarty*, 447 U.S. at 308–309 (quoting H. Washington, ed., 5 WRITINGS OF THOMAS JEFFERSON 75–76 (1871))).

<sup>6</sup>*Parker v. Flook*, 437 U.S. 584, 588–589 (“The holding [in *Gottschalk v. Benson*, 409 U.S. 63 (1972)] forecloses a purely literal reading of § 101.”).

<sup>7</sup>*Diamond v. Diebr*, 450 U.S. 175, 185 (1981).

<sup>8</sup>*State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d 1368, 1373 (Fed. Cir. 1998), *disapproved*; *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (*en banc*), *aff’d*, *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

<sup>9</sup>*Bilski*, 130 S. Ct. at 3259 (2010) (concurring opinion of Breyer, J., and Scalia, J.).

<sup>10</sup>*In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (*en banc*), *aff’d*, *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

<sup>11</sup>*In re Bilski*, at 959–60.

<sup>12</sup>*Id.* at 959–60 (emphasis added).

<sup>13</sup>*Id.* at 960.

<sup>14</sup>*Id.* at 954 (emphasis added).

<sup>15</sup>*Id.* at 949.

<sup>16</sup>*Id.* at 966.

<sup>17</sup>*Bilski*, 130 S. Ct. 3218. On June 20, 2011, the Supreme Court granted certiorari in *Mayo Collaborative Services v. Prometheus Labs. Inc.*, No. 10-1150 (Supreme Court June 20, 2011). That case also presents a § 101 issue: “Whether 35 U.S.C. § 101 is satisfied by a patent claim that covers observed correlations between blood test results and patient health, so that the claim effectively preempts all uses of the naturally occurring correlations, simply because well-known methods used to administer prescription drugs and test blood may involve ‘transformations’ of body chemistry.”

<sup>18</sup>*Bilski*, 130 S. Ct. at 3231.

<sup>19</sup>*Id.* at 3227 (emphasis added).

<sup>20</sup>*Id.*; *see also id.* at 3231–32 (“the entire Court agrees, that although the machine-or-transformation test is reliable in most cases, it is not the exclusive test”) (Stevens, J., concurring).

<sup>21</sup>*Bilski*, 130 S. Ct. at 3229–30.

<sup>22</sup>*KSR Int’l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1739 (2010) (“We begin by rejecting the rigid approach of the Court of Appeals. Throughout this Court’s engagement with the question of obviousness, our cases have set forth an expansive and flexible approach inconsistent with the way the Court of Appeals applied its TSM test here.”); *eBay Inc. v. MercExchange LLC*, 126 S. Ct. 1837 (2006) (rejecting a patent-specific preliminary injunction test in favor of the traditional four-factor test).

<sup>23</sup>*Bilski*, 130 S. Ct. at 3229–30 (“the Court resolves this case narrowly on the basis of this Court’s decisions in *Benson*, *Flook*, and *Diebr*, which show that petitioner’s claims are not patentable processes ... .”) (citing *Gottschalk v. Benson*, 409 U.S. 63 (1972), *Parker v. Flook*, 437 U.S. 584 (1978), and *Diamond v. Diebr*, 450 U.S. 175 (1981)).

<sup>24</sup>*Benson*, 409 U.S. at 65.

<sup>25</sup>*Id.* at 68.

<sup>26</sup>*Id.* at 71–72.

<sup>27</sup>*Flook*, 437 U.S. at 585–86.

<sup>28</sup>*Id.* at 590.

<sup>29</sup>*Diebr*, 450 U.S. at 187 (emphasis added).

<sup>30</sup>*Bilski*, 130 S.Ct. at 3230 (citing *Diebr*, 450 U.S. at 191–192).

<sup>31</sup>*Diebr*, 450 U.S. at 188.

<sup>32</sup>*Id.* at 192–93.

<sup>33</sup>*Bilski*, 130 S. Ct. at 3231.

<sup>34</sup>*Id.* (emphasis added).

<sup>35</sup>M. Lemley et al., *Life after Bilski*, 63 STAN. L. REV. 1315, 1316 (2011).

<sup>36</sup>*Id.*

<sup>37</sup>P. Menell, *Forty Years of Wondering in the Wilderness and No Closer to the Promised Land: Bilski’s Superficial Textualism and the Missed Opportunity to Return Patent Law to Its Technology Mooring*, 63 STAN. L. REV. 1289, 1300 (2011).

<sup>38</sup>Various cases involving these matters are on appeal and, except for *Hulu*, this table does not account for the status of such appeals. Likewise, this article does not assess cases decided before *Bilski*, because it changed the methodology for § 101 analysis.

<sup>39</sup>*Bilski*, 130 S. Ct. at 3229.

<sup>40</sup>No. 2006-1634, 2006-1649 (Fed. Cir. Aug. 31, 2011) (hereinafter cited as *Classen Slip Opn.*).

<sup>41</sup>*Id.* at 18.

<sup>42</sup>*Classen Slip Op.*, at 20.

<sup>43</sup>*Classen Immunotherapies Inc. v. Biogen IDEC*, 304 F. App'x 866 (Fed. Cir. 2008), *vacated*, 130 S. Ct. 3541 (2010).

<sup>44</sup>*Classen Slip Op.*, at 4.

<sup>45</sup>*Id.* at 14 (citing *Bilski*, 130 S. Ct. at 3225) (emphasis supplied).

<sup>46</sup>*Classen Slip Op.*, at 17 (citing *Research Corporation Technologies Inc. v. Microsoft Corporation*, 627 F.3d 859, 869 (Fed. Cir. 2010)).

<sup>47</sup>*Classen Slip Op.*, (citing *Research Corp.* at 868).

<sup>48</sup>*Classen Slip Op.*, at 19 (citing *Research Corp.* at 868).

<sup>49</sup>*Classen Slip Op.*, at 18 (citing *Bilski*, 130 S.Ct. at 3229).

<sup>50</sup>*Classen Slip Op.*, at 17 (citing *Research Corp.* at 869 (discussing § 112)).

<sup>51</sup>*Classen Slip Op.*, at 16–17 (quoting *Research Corp.* at 868).

<sup>52</sup>*Classen Slip Op.*, at 18 (citing *Research Corp.* at 868–869)).

<sup>53</sup>*Classen Slip Op.*, at 16 (citing *Bilski*, 130 S. Ct. at 3236 (Stevens, J., concurring)).

<sup>54</sup>*Classen Slip Op.*, at 16–17 (citing *Research Corp.* at 868)).

<sup>55</sup>*Classen Slip Op.*, at 6 (Moore, J., dissenting); *see also id.* at 8 (noting that the line between a patentable process and an unpatentable principle is “not always clear”) (Moore, J., dissenting) (citing *Flook*, at 589).

<sup>56</sup>*Classen Slip Op.*, at 2 (Moore, J., dissenting).

<sup>57</sup>*Id.* at 7 (Moore, J., dissenting).

<sup>58</sup>*Id.* at 3 (Moore, J., dissenting).

<sup>59</sup>*Id.* (quoting *Bilski*, 130 S. Ct. at 3230 (citations omitted) (internal quotation marks omitted)).

<sup>60</sup>*Classen Slip Op.*, at 9 (Moore, J., dissenting) (quoting *Lab. Corp. of Am. Holdings v. Metabolite Labs. Inc.*, 548 U.S. 124, 127 (2006) (Breyer, J., dissenting from dismissal of petition)).

<sup>61</sup>*Ultramercial LLC v. Hulu LLC*, \_\_ F.3d \_\_, No. 2010-1544 (Fed. Cir. Sept. 15, 2011) (hereinafter cited as *Hulu Slip Op.*).

<sup>62</sup>*Research Corp.* at 859; *Prometheus Laboratories Inc. v. Mayo Collaborative Services*, 628 F.3d 1347 (Fed. Cir. 2010), *cert. granted*, \_\_ S. Ct. \_\_ (June 20, 2011); and *Association for Molecular Pathology v. U.S. Patent & Trademark Office*, \_\_ F.3d \_\_, No. 2010-1406 (Fed. Cir. July 29, 2011) (hereinafter cited as *AMP Slip Op.*). The *Classen* court did not cite *Cybersource Corp. v. Retail Decisions Inc.*, \_\_ F.3d \_\_, No. 2009-1358 (Fed. Cir. Aug. 16, 2011).

<sup>63</sup>*Research Corp.*, 627 F.3d at 868 (“The Section 101 patent-eligibility inquiry is only a threshold test.”); *AMP Slip Op.*, at 39, n.6 and n.7 (rejecting applicability of cases decided based on novelty rather than patentability); *Hulu Slip Op.*, at 6 (“as § 101 itself expresses, subject matter eligibility is merely a threshold check; ...”).

<sup>64</sup>*Research Corp.* at 869 (“coarse eligibility filter”); *Hulu Slip Op.*, at 5, 6, and 13.

<sup>65</sup>*Research Corp.* at 868 (“section 101 eligibility should not become a substitute for a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35”); *AMP Slip Op.*, at 45 (the Supreme Court “has repeatedly rejected new categorical exclusions from § 101’s scope”); *Hulu Slip Op.*, at 7 (“this court detects no limitations or conditions on subject matter eligibility expressed in statutory language.”).

<sup>66</sup>*Research Corp.* at 868 (the “Supreme Court advised that Section 101 eligibility should not become a substitute for a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35”); *AMP Slip Op.*, at 47 (“[t]he issue before us is patent eligibility, not the adequacy of the patents’ disclosure to support particular claims”); *Hulu Slip Op.*, at 13 (“The ‘coarse eligibility filter’ of § 101 should not be used to invalidate patents based on concerns about vagueness, indefinite disclosure, or lack of enablement, as these infirmities are expressly addressed by § 112.”).

<sup>67</sup>*Research Corp.* at 868 (§ 101 “itself directs primary attention to ‘the conditions and requirements of [Title 35].’”); *id.* at 869 (“the Patent Act provides powerful tools to weed out claims that may present a vague or indefinite disclosure of the invention ... . That same subject matter might also be so conceptual that the written description does not enable a person of ordinary skill in the art to replicate the process.”) (citation omitted).

<sup>68</sup>*Research Corp.*, at 868 (“Section 101 does not permit a court to reject subject matter categorically because it finds that a claim is not worthy of a patent.”); *Prometheus Labs.*, at 1353 (“Congress plainly contemplated that § 101 would be given wide scope.”); *AMP Slip Op.*, at 45 (the Supreme Court “has repeatedly rejected new categorical exclusions from § 101’s scope”); *Hulu Slip Op.* at 6–7 and 13.

<sup>69</sup>*AMP Slip Op.*, at 48 (“If the law is to be changed, and DNA inventions excluded from the broad scope of § 101 contrary to the settled expectation of the inventing community, the decision must come not from the courts, but from Congress.”); *see also id.* at 47–48 (noting PTO practice).

<sup>70</sup>*Hulu Slip Op.*, at 8 (citing *Bilski*, at 3227–28).

<sup>71</sup>*Classen Slip Op.*, at 17 (§ 112 is a “powerful tool” to “weed out claims that may present a vague or indefinite disclosure of the invention,” specifically observing that “a patent that presents a process sufficient to pass the coarse eligibility filter may nonetheless be invalid as indefinite.”) (citation omitted); *see also Research Corp.*, at 869 (same).

<sup>72</sup>*See*, for example, M. Lemley, et al., *Life after Bilski*, *supra*, note 35, at 1315 (advocating a new patentability test).