

Patenting Processes: Questions Linger after the Federal Circuit's *In re Bilski* Decision

By Katherine Ford Horvath, Richmond, VA

The much anticipated Federal Circuit opinion, *In re Bilski*, reaffirms the Supreme Court's "machine-or-transformation" test for determining patentability of processes under 35 U.S.C. §101.¹ The "machine-or-transformation" test requires that a process patent claim either be tied to a particular machine or apparatus or transform a particular article into a different state or thing. If a process patent claim meets either prong of this test, the claim passes Section 101 muster.

Section 101 provides four statutory categories of patent eligible subject matter: processes, machines, manufactures, and compositions of matter. Abstract ideas, mental processes, laws of nature, and mathematical algorithms do not fall within these categories. Whether a patent claim meets Section 101 criteria for patentability is a threshold inquiry. Claims meeting other statutory requirements for patentability still must fail if they do not fall within one of the four articulated categories.

Since the 1998 Federal Circuit proclaimed in *State State Bank & Trust Co. v. Signature Financial Group, Inc.* that business methods are not per se unpatentable, Section 101 patentability has been a hot topic.² Financial sector business method applications, such as the application at issue in *In re Bilski*, as well as applications concerning Internet business methods, computer software, electric signals, and other new technologies have pressed the Section 101 boundaries at the United States Patent and Trademark Office (USPTO) and the Federal Circuit.

In reaching its decision, the *In re Bilski* court waded through prior Section 101 case law and attempted to reconcile decisions seemingly at odds. The court ultimately held that when applying the "machine-or-transformation" test, the precedent is consistent. In doing so, the Federal Circuit rejected competing tests for determining Section 101 patentability. The court concluded that the "Freeman-Walter-Abele," "physical steps," "technical arts," and "useful, concrete and tangible result" tests are inadequate. The Federal Circuit reiterated that in determining patentability, the claim as a whole is considered; it is inappropriate to dissect the claim into new and old elements.

In determining whether a process claim meets the Section 101 criteria, attention must be paid to the underlying fundamental principle claimed. If the claim preempts all uses of the principle in all fields of use or in a particular field of use, this is evidence that the claim is not limited to a particular application. If, on the other hand, alternative applications exist for the underlying principle—particularly if there are other applications within the same field of use—the claim likely meets the "machine-or-transformation" test. The court also noted that insignificant extra-solution activity (such as adding a data gathering step to a claim directed to a mathematical algorithm) cannot transform an otherwise unpatentable principle into a patentable process.

Notably, the patent claims at issue in *In re Bilski* were process claims and process claims alone – they do not fall within any of the statutory categories of patentable subject matter. The process claims in *In re Bilski* also are not tied to a particular machine or apparatus. Thus, the decision is limited to situations where the process claims at issue transform a particular article into a different state or thing. The decision specifically leaves open Section 101 patentability issues, such as software claims, and whether and when the identification of a computer suffices to tie a process claim to a particular machine.

Finally, and apparently responding to criticism that the “machine-or-transformation” test is antiquated and does not account for modern computer and Internet technologies, the court held open the possibility that the test may be altered or set aside as new technologies emerge.

Katherine Ford Horvath, DuretteBradshaw PLC, 600 E Main St., 20th floor, Richmond, VA 23219; T: 804.775.6900.

¹ 545 F.3d 943 (Fed. Cir. 2008).

² 149 F.3d 1368 (Fed. Cir. 1998).