No Bright Lines in *Bilski*

On June 28, 2010, the United States Supreme Court issued its long-awaited decision in *Bilski v. Kappos*. While the Court criticized specific approaches adopted by the Federal Circuit for analyzing the eligibility of method patents under Section 101 of the Patent Act, the Court did not announce a new, unified test. For those looking for bright-line rules for patent-eligibility, the wait continues.

Writing for a majority, Justice Kennedy declared that the Federal Circuit's "machine-or-transformation" test is "a useful and important clue" and "an investigative tool" for determining patent-eligibility, but that it is not the sole test for deciding whether an invention is a patent-eligible "process" under 35 U.S.C. § 101. Indeed, this was the conclusion of the unanimous Court across all three opinions. The majority further refused to hold that business methods are patent-ineligible *per se*, noting that § 273 leaves open the possibility that business methods may be patent-eligible, although this does not suggest broad patent-eligibility of such claimed inventions. Instead, falling back on the Court's precedents in *Gottschalk v. Benson*, *Parker* v. *Flook*, and *Diamond* v. *Diehr*, the majority concluded that the patent claims at issue were not patent-eligible "processes" but merely "attempts to patent abstract ideas," which were ineligible for patent protection. That said, while the majority explicitly declined to endorse the Federal Circuit's past interpretations of § 101, the majority noted that its decision "by no means foreclose[s] the Federal Circuit's development of other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text."

In a lengthy concurring opinion, Justice Stevens, joined by Justices Ginsburg, Breyer, and Sotomayor, agreed that the "machine-or-transformation" test is not the sole test for what constitutes a patent-eligible process; rather, it is a "critical clue." However, Justice Stevens disagreed with the majority view that business methods may be patent-eligible. Instead, Justice Stevens would have held that claims that merely describe methods of doing business, such as the ones at issue, do not qualify as "processes" under § 101. Notably, Justice Stevens also cautioned that it would be a "grave mistake" to assume that anything with a "useful, concrete and tangible result" under *State St. Bank & Trust Co. v. Signature Fin. Group*, may be patent-eligible.

In a separate concurrence, Justice Breyer, joined in part by Justice Scalia, emphasized what he referred to as points of agreement among the justices, including the inadequacy of the Federal Circuit's holding in *State Street Bank*—which the Court in effect, if not in law, overruled—and the usefulness of the "machine-or-transformation" test. In fact, Justice Breyer went so far as to suggest that not many patentable-eligible processes would lie beyond the reach of the "machine-or-transformation" test.

For those who own or seek method patents in any industry, the Court's decision may not have created much in the way of clarity. On the one hand, the Court did not do away with business method patents, meaning, first, that those who own or apply for such patents may continue to maintain and obtain patent rights; and, second, that the potential for infringement of the business method patents held by others remains a concern. On the other hand, the Court declared the "machine-or-transformation" test to be "useful," "important," and "critical," but did not refine that test or proffer alternative tests. It will be up to patent applicants, the Patent and Trademark Office, litigants, and the courts to determine which methods are merely abstract ideas and which are sufficiently non-abstract.

The profound effects of this decision are already apparent. On June 29, 2010, the Supreme Court granted *certiorari* and vacated the Federal Circuit's decisions in *Prometheus Labs, Inc. v. Mayo Collaborative Servs*. and *Classen Immunotherapies, Inc. v. Biogen Idec*., both cases involving medical methods, and remanded the cases to the Federal Circuit for reconsideration in light of *Bilski*. In a June 28, 2010 memorandum issued to patent examiners, the Patent Office considered the Supreme Court's decision to be a vindication of its current policies applying the "machine-or-transformation" test with a final check against whether or not the patent application presents abstract ideas.

To find out how the Supreme Court's decision in *Bilski* affects your interests, please contact your usual Ropes & Gray attorney or one of the following Ropes & Gray IP attorneys:

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