

U.S. Supreme Court - Processes are Broadly Eligible for Patenting

Legal Alert

June 28, 2010

The U.S. Supreme Court has struck down a limitation on the scope of processes for which an inventor may be eligible to obtain a U.S. patent. Prior to this decision, patenting of processes was limited by a Federal Circuit decision holding that a patent can be granted only for processes that satisfy the "machine-or-transformation" (MOT) test. In the [Bilski](#) decision described in this alert, the Supreme Court held that processes that do not satisfy the MOT test may nonetheless be patentable.

Prior to the [Bilski](#) decision, application of the MOT test threatened to deprive innovators in several technical areas (e.g., the software, medical diagnostic, signaling, and imaging fields) of the ability to use U.S. patent law to secure rights in their inventions. By nullifying the Federal Circuit's indication of the MOT test as an essential criterion of patent eligibility for processes, the Supreme Court's [Bilski](#) holding signals innovators in these technical areas that their inventions may remain eligible for patenting in the U.S., even if their inventions relate to processes or methods.

In a decision issued on 28 June 2010 in the case of [Bilski v. Kappos](#) (No. 08-964, 561 U.S. ___), the Supreme Court ruled on the appeal of a patent applicant, Mr. Bilski. Bilski submitted a U.S. patent application claiming a process. His patent claims were rejected, first by the U.S. Patent Office, and then by the Federal Circuit.

The process claimed in Bilski's patent application is a method of hedging risk in commodity transactions, such as by balancing purchase risks with sales risks. The process requires neither a machine for performance of the process nor physical manipulation of any tangible object. Methods like Bilski's have often been classified as "business methods" and were often held ineligible for patent protection under a variety of rationales. The Federal Circuit's MOT test is considered by many the latest such rationale.

In the Federal Circuit decision, satisfaction of the MOT test was identified as a necessary condition for patenting claims directed to a process. Under the MOT test, a claimed process is eligible for patenting only if it either (1) is tied to a particular machine or apparatus or (2) transforms a particular article into a different state or thing. The Federal Circuit held that Bilski's claimed processes failed this test, and upheld the Patent Office's rejection of the claims. Bilski appealed to the Supreme Court.

In the Supreme Court decision, a majority of the Justices held that a process may be patent-eligible, even if it fails to satisfy the MOT test.

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Innovators seeking to patent methods which fail to satisfy the MOT test should nonetheless proceed with caution. Despite holding that satisfaction of the MOT test was unnecessary, the Supreme Court Justices unanimously held Bilski's claimed methods ineligible for patent protection on the grounds that they claim an abstract idea - subject matter that (like laws of nature and physical phenomena) Supreme Court precedent has long held ineligible for patent protection. The Court's opinion may therefore be best understood as an unwillingness to rule out the possibility that a process failing to satisfy the MOT test may nonetheless be worthy of patenting. Inventors of such processes should work closely with a knowledgeable patent attorney to maximize the likelihood that process claims will be eligible for patenting.

Flaster Greenberg PC employs several highly-experienced patent attorneys, each of whom is familiar with the [Bilski](#) opinion, patent eligibility for process claims, and related patent issues. If you would like more information about patent technologies, please contact a member of the Intellectual Property Group at Flaster Greenberg PC.