

Bilski Briefs Span Wide Range of Positions

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On June 1, the Supreme Court agreed to decide a case that will have a great impact on what types of inventions can be patented. The case, *Bilski v. Doll*, deals with a patent application for an “Energy Risk Management Method.” The claims of this application have to do with hedging risks associated with a commodity, for example, the use of more or less energy than expected due to fluctuations in weather. This might seem a niche issue, but the court is expected to address the extent to which processes of various sorts deserve patent protection. The importance of this decision was underscored by the fact that over 50 parties have filed amicus curiae briefs in this case to date. The various presentations of the amici highlight why this issue is so important.

The Federal Circuit’s en banc decision in this case was notable in that it announced a new rule limiting patentable processes to those that operate on a particular machine or result in some physical transformation. Although the Federal Circuit majority said that this rule merely reflects Supreme Court precedent, dissents and commentators protested that the majority had taken two examples of patentability and transformed them into the only qualifiers for patent protection.

The threshold for patentability has always been challenging for processes, even though the statute extends protection to “any new and useful process, machine, manufacture, or composition of matter.” The term “process” can be extended to encompass virtually any scheme for doing almost anything. As a result, various doctrines developed to deal with patentability for processes. At one time, for instance, there was a prohibition against patenting processes that included “mental steps.” This doctrine fell out of favor over time, but others arose to ensure that the patent system was not extended beyond what was intended by the constitutional language (“to promote the progress of science and useful arts...”) or Congress.

Business methods, in particular, have been widely debated. Although business methods have been patented for well over a century, the viability of such

patents became economically more important during the dot-com boom. The Federal Circuit itself opened the flood gates for business method patents in a 1998 panel decision in the *State Street* case, holding that a method is patentable if it produces a useful, concrete and tangible result. In response, Congress enacted a new defense for those who used a business method before someone else filed for a patent on it. Yet business method patentability turned out to be far from settled in the minds of some of the Federal Circuit’s judges. Last year, at the Intellectual Property Owners Association annual meeting in San Diego, Chief Judge Paul Michel chided the patent bar for waiting a decade to percolate the business method patent issue up from a mere panel decision to a case that could be decided en banc. Two months after Michel’s address, the Federal Circuit issued the *Bilski* decision, rejecting the *State Street* approach in favor of the machine or transformation test.

The Supreme Court grant certiorari in *Bilski* and suggested the direction it is heading in the way it framed the issues presented. The first question bluntly posed by the court was whether the Federal Circuit erred in presenting the machine or transformation test as the sole test, “despite this court’s precedent.” The second question asked whether the test “contradicts the clear congressional intent that patents protect ‘method[s] of doing or conducting business.’”

The court’s apparent invitation to bash the new test was well received across a wide range of industries. None of the nearly 50 amicus briefs submitted to date supports the view that the machine or transformation test should be the sole test for patentability. The few briefs that support its use at all emphasize that it provides only one path to establishing patentability of a process. Most of the amici, however, detail ways in which the test improperly imposes a limitation that is not present in the statute or in Supreme Court precedents. For example, one brief submitted by a number of law professors states that the test improperly leads applicants to “disguise” their claims by adding language that satisfies the test but does not reflect the nature of the invention.

Many of the amicus briefs emphasize the importance of a “flexible” or “dynamic” approach to determining patentability, rather than the rigid structure put forth by the Federal Circuit. For instance, a brief on behalf of biotechnology organizations and the Regents of the University of California argues that the Federal Circuit turned a “safe harbor” provided by the precedents into a rigid, exclusionary test that contradicts the encompassing language of the patent statute and cuts out wide swaths of innovation from patent-eligibility. For example, a method of diagnosing a disease may have concrete steps and yield a useful and tangible end, yet not meet the strictures of the machine or transformation test.

The Federal Bar Association explains that no new test is needed, as the precedents provide a sound basis for analysis. Many amici observe that in just a few months of application, the new test has led to a great deal of confusion and uncertainty. Patent attorneys filed briefs explaining how the Patent and Trademark Office and district courts have been issuing inconsistent and contradictory decisions under the new test. Telecommunication Systems explains how it “has witnessed firsthand the mischief caused by the new patent-eligibility standards” and pleads that if the test is upheld, it be applied only prospectively. The brief of Dolby Laboratories quotes from one of the dissents below that “[u]ncertainty is the enemy of innovation.” Yahoo’s brief is not shy about criticizing the new test, stating that the distinctions it compels “make no sense” and suggesting, “Sometimes it is best to acknowledge that the emperor has no clothes.”

Perhaps most interesting from this round of briefing is the breadth of commentary that amici provide. Some emphasize the impact that the test has on their particular industry. Medtronic, for instance, states that, “Ingenuity has many faces, and innovation takes many shapes,” and lists examples of medical innovations that would not be patent-eligible under the new test.

Other amici focus on discrete issues that they find to be of particular assistance to the court. For instance, the Austin Intellectual Property Law Association discusses non-patent doctrines of statutory interpretation, including consistency within a statute and avoiding interpretations that render another section superfluous. A brief of Regulatory DataCorp, American Express, Palm, Rockwell Automation and SAP provides historical

background on various relevant terms from the patent statute, in some cases dating back to the British Statute of Monopolies from 1623. A brief by Accenture and Pitney Bowes focuses on the “useful” language in the statute, while a brief of On Time Systems considers the various senses in which “abstract” may apply to the analysis.

It is inevitable that 50 or so briefs will repeatedly trod some of the same ground, but it is surprising how diverse the approaches of the amici have been. Many of them have recognized the common ground that needs little further discussion and instead provided detailed coverage of nuances for which they are particularly qualified to assist the court. This case provides a good example of how amicus briefing can provide a court with resources for analysis that two parties alone probably could not provide.

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