



Bracing for Change in Patentability for Methods: Strategies for Companies and Venture Capitalists to Manage the *Bilski* Risk

BY STUART MEYER

Four Fenwick attorneys recently attended an oral argument at the U.S. Supreme Court at which justices surprised the patent community by signaling that they likely will cut back on the types of methods that are eligible for patent protection. In the spring of 2010, the U.S. Supreme Court is expected to rule on the *Bilski* case, a decision that could profoundly affect technology companies. At issue in *Bilski* is whether inventions that are methods are patentable even if they do not involve a physical transformation or are not implemented on specialized machines. The Supreme Court appears prepared to accept a new standard that could invalidate many existing patents and stop applications already in process from being granted. This decision could impact not only thousands of dot-com era business methods, but many software-implemented and medical diagnostic inventions as well. Because it is unclear how the Court will rule, some contingency planning is called for. Thankfully, companies can take a number of simple measures now to mitigate the impact of an adverse ruling. Even if the Court's ruling is supportive of such patents, these measures will help companies ensure an IP portfolio that is robust and able to withstand future changes to IP law.

I. Assess the Company's Vulnerability

- Examine patents/applications for claims that focus on method claims
- Determine whether the claims recite a physical transformation or specific machine
- Determine areas in which core technology has only method claims for IP protection

II. Develop Contingencies to Address the Risk

- Find support in existing applications for claim amendments to include machine or transformation elements
- Make strategic use of provisional patent applications as an inexpensive stop-gap until the *Bilski* decision comes out
- Delay certain filings with the PTO in new and pending cases to prevent publication of otherwise confidential information
- For issued patents, analyze to see whether reissue or reexamination can be used to include machine or transformation limitations
- For impacted products/services, examine patent protection for related aspects that will pass the machine or transformation test and file additional applications
- Consider complementary non-patent protection such as trade secrets and copyright and ensure best practices are in place to provide such protection
- Consider *Bilski* vulnerability in determining which of competing innovations warrant patent applications

Contact **Stuart Meyer** at Fenwick & West for more information on implementing these measures.

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