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Abby Bhattacharyya

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Implementation, or the Possible Lack Thereof, of the *Bilski* Supreme Court Decision

INTRODUCTION

*“It is true that patents for inventions that did not satisfy the machine-or-transformation test were rarely granted in earlier eras . . . But times change. Technology and other innovations progress in unexpected ways.”*¹

OUR PATENT SYSTEM APPEARS TO BE FACING YET ANOTHER NEW FRONTIER. Many commentators have opined that the recent Supreme Court *Bilski* decision provides little by way of clear and cogent parameters for method-claim eligibility,² creating a quagmire for patent examiners and patent practitioners in their roles as primary gatekeepers of the patent system.³ The consequences of such ambiguities are subjective interpretations of the law that can only weaken the current prosecution mechanism or, at the very

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* Abby Bhattacharyya is the president and majority owner of a small intellectual property law boutique in Columbia, Maryland that represents small business, multi-million dollar corporations and large governmental research entities in IP and general business matters. She is a patent attorney whose practice is primarily directed to all aspects of patent prosecution in the biotech and chemical technologies. She is currently an adjunct professor at the University of Maryland School of Law, Clinical Law Program (Intellectual Property) and a frequent invited speaker on myriad legal issues at local Universities, Colleges and Bar Organizations.

1. *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010).

2. *Id.* at 3231 (“The Court, therefore, need not define further what constitutes a patentable ‘process’ . . .”). See Benjamin W. Hattenbach & Kenneth J. Weatherwax, *Bilski v. Kappos: A Divided Court Narrowly Reaffirms Patentability of Business Methods*, 22 INTELL. PROP. & TECH. L. J. 15, 16 (2010) (“Exactly what process might be patent-eligible, the Court’s opinion went to great lengths not to say, causing widespread disappointment among practitioners.”).

3. See Tony Mauro, *High Court All Over the Map in ‘Bilski’*, THE NATIONAL LAW JOURNAL (June 29, 2010), <http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202463099629&slreturn=1&hbxlogin=1> (stating that the *Bilski* decision did little to resolve what requirements must be met for a business method to be considered patentable); Kevin E. Noonan, *Bilski v. Kappos: What Effects on Biotechnology Patents?*, PATENT DOCS: SUPREME COURT (July 1, 2010), <http://www.patentdocs.org/2010/07/bilski-v-kappos-what-effects-on-biotechnology-patents.html> (discussing difficulties the Federal Circuit will have developing new tests for patent-eligibility of method claims).

least, result in inconsistent practices.⁴ The United States Patent and Trademark Office (USPTO) has issued several interim guidelines for Examiners in an effort to quell confusion and meld these newly decided rules of law into the complex examination system.⁵ However, the success of implementing these interpretations may be limited by the structure of the examination process, particularly when the rules of law pertain to threshold statutory inquiries.⁶ If one is to consider the current onslaught of precedents, there is a strong possibility that cases requiring statutory interpretation are not anomalies, but rather the beginnings of new and uncharted patent territories.⁷ As the U.S. Board of Patent Appeals and Interferences (BPAI) noted:

*Although a case has not yet been presented, we believe that a similar 'special case' exists for 'manufactures' which store programs that cause a machine to perform an abstract idea, e.g., a computer program to perform a mathematical algorithm stored on a tangible medium: the nominal recitation of a 'manufacture' does not preclude the claim from being nonstatutory subject matter.*⁸

By revisiting the BPAI *Bilski* decision⁹ and the appellate court *Bilski* decision in light of the Supreme Court holding,¹⁰ this article explores the possible impact of the *Bilski* Supreme Court decision on the examination/prosecution process, and suggests reasons why the system may not be able to provide clear and precise renderings as it has been able to do

4. See Hattenbach, *supra* note 2, at 18 (describing how the *Bilski* opinion “[has] the potential to reopen complex questions once thought to have been settled” and permits individual Federal Circuit panels to once again “reach idiosyncratic conclusions regarding the boundaries of patent-eligible subject matter.”).

5. Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. 43,923 (July 27, 2010).

6. See *Bilski*, 130 S. Ct. at 3225.

7. See *Classen Immunotherapies, Inc. v. Biogen IDEC*, 130 S. Ct. 3541, 3541 (2010) (precipitating statutory interpretation of 35 U.S.C. § 101 by remanding case to the United States Court of Appeals for the Federal Circuit in light of *Bilski*); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 130 S. Ct. 3543, 3543 (2010) (remanding the case in light of *Bilski*); *Ex parte Proudler*, No. 2009-006599, 2010 WL 2727840, at *2 (B.P.A.I. July 8, 2010) (stating that *Bilski* solidified the unpatentability of abstract ideas under 35 U.S.C. § 101).

8. *Ex parte Bilski*, No. 2002-2257, 16 n.6 (B.P.A.I. Sept. 26, 2006).

9. See *id.*

10. *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008).

for other statutory provisions.¹¹ However, it is not the intent of this paper to formulate tests or guidelines. Rather, it is hoped that this paper will illuminate various relevant points that may aid others in developing working models for examination and prosecution practice, which in turn will better assist in the protection of existing technologies, enhance protection for emerging technologies, and perhaps even “anticipate” better protective schemes for future technologies.

BACKGROUND

*“Students of patent law would be well advised to study these scholarly opinions.”*¹²

Bernard L. Bilski and Rand A. Warsaw filed a patent application on April 10, 1997 for “Energy Risk Management Method.”¹³ The application was directed to a method for hedging risks in commodities trading,¹⁴ where the claims recited (a) a transaction between an intermediary commodity provider and consumers of the commodity, (b) purchase of fixed rate commodities based upon calculable factors such as historical averages and (c) transactions between the commodity provider and market participants at a second fixed-rate where the first and second fixed rates are balanced.¹⁵ The Examiner rejected the claims under 35 USC § 101, stating that the invention “[a] is not implemented on a specific apparatus, [but rather] merely manipulates an abstract idea, [(b) further] solves a purely mathematical problem without any limitation to a practical application, [and (c)] is not directed to the technological arts.”¹⁶ The BPAI held that transformation of “non-physical financial risks and legal liabilities of the commodity provider, the consumer, and the market participants” is not

11. See *Ex parte* Isaksen, No. 91-2308 (B.P.A.I. Mar. 19, 1992) (stating that the PTO and practitioners were able to properly interpret 35 U.S.C. § 112 without the Federal Circuit). *But see* Sang Hui Michael Kim, *In re Alappat: A Strict Statutory Interpretation Determining Patentable Subject Matter Relating to Computer Software?*, 8 JOHN MARSHALL J. COMPUTER & INFO. L. 635, 654 (1995) (asserting that the Federal Circuit applied a strict statutory interpretation to 35 U.S.C. § 112 in contrast to the PTO).

12. *Bilski v. Kappos*, 130 S. Ct. 3218, 3233 (2010).

13. *In re Bilski*, 545 F.3d at 949; Energy Risk Management Method, U.S. Patent Application No. 08/833,892 (filed Apr. 16, 1996) (rejected June 28, 2010).

14. *In re Bilski*, 545 F.3d at 949 (Fed. Cir. 2008). See generally PHILIP MCBRIDE JOHNSON & THOMAS LEE HAZEN, DERIVATIVES REGULATION 314–47 (1st ed. 2004).

15. Energy Risk Management Method, U.S. Patent Application No. 08/833,892, at 10 (filed Apr. 16, 1996) (rejected June 28, 2010).

16. *Ex parte Bilski*, No. 2002-2257 at 3.

patent-eligible subject matter;¹⁷ that the claims “preempt any and every possible way of performing the steps . . . by human . . . machine or by any combination thereof . . .”;¹⁸ that the claims are an abstract idea ineligible for patent protection and that the claims do not produce a “useful, concrete and tangible result.”¹⁹ However, the BPAI also held that the “technological arts” test²⁰ is not supported by case law and that there is no requirement for specific apparatus if there is a transformation of physical subject matter from one state to another.²¹

The appellate court affirmed the BPAI’s ruling stating that that the Supreme Court has enunciated a definite test to determine whether process claims are patent-eligible under 35 U.S.C. § 101,²² and that the application of a law of nature or mathematical statement is patentable, however claims seeking to preempt all uses of a fundamental principle are unpatentable.²³ The test also determines that analysis of patent-eligibility under 35 U.S.C. § 102 (novelty) and/or 35 USC § 103 (obviousness) is irrelevant to 35 USC § 101 analysis; and that Congress did not intend the “new and useful” language of § 101 to be an independent requirement of § 102 and § 103.²⁴ Furthermore, the appellate court held that the BPAI’s evaluation of § 101 patentable subject matter under the “machine-or-transformation” test²⁵ is

17. *Id.* at 43.

18. *Id.* at 46.

19. *Id.* at 23 (quoting *State St. Bank & Trust Co. v. Signature Fin. Grp., Inc.*, 149 F.3d 1368, 1373 (Fed. Cir. 1998)).

20. *Id.* at 28. See *In re Musgrave*, 431 F.2d 882, 893 (C.C.P.A 1970) (“All that is necessary, in our view, to make a sequence of operational steps a statutory ‘process’ within 35 U.S.C. § 101 is that it be in the technological arts so as to be in consonance with the Constitutional purpose to promote the progress of ‘useful arts.’”).

21. *Ex parte Bilski*, No. 2002-2257 at 42, 57.

22. *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008) (“The Supreme Court, however, has enunciated a definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to pre-empt the principle itself. A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.”).

23. *Id.* at 953.

24. *Id.* at 958. See *Diamond v. Diehr*, 450 U.S. 173, 190–91 (1981).

25. *Diamond*, 450 U.S. at 961 (“The machine-or-transformation test is a two-branched inquiry; an applicant may show that a process claim satisfies § 101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article.”). See *Ex parte Bilski*, No. 2002-2257 at 53–57; See also *Gottschalk v. Benson*, 409 U.S. 64, 71 (1972) (noting the argument that a process patent must be tied to a machine or must be able to change materials into different states of being).

accurate while the “useful concrete and tangible result” test²⁶ articulated used by the BPAI is inadequate.²⁷ The appellate court also held that Bilski was seeking to claim a fundamental principle, abstract idea or mental process, and attempting to preempt all uses of a fundamental principle.²⁸ Thus the claims recited by Bilski were not patent-eligible.²⁹

Bilski appealed to the Supreme Court and certiorari was granted on June 1, 2009.³⁰ The Supreme Court held that 35 U.S.C. § 101 specifies processes, machines, manufactures and compositions of matter as patent-eligible categories of invention which Congress intended to give “wide scope.”³¹ However, there are three exceptions to § 101’s broadness, which are: “laws of nature, natural phenomena, and abstract ideas.”³² While so, review of patent-eligibility under § 101 is a “threshold test” and it must also satisfy the requirements of novelty under § 102, nonobviousness under §103 and a full and particular description under § 112.³³ The Court also held that the “machine-or-transformation” test articulated by the appellate court is not the sole test for patent eligibility under § 101.³⁴ The Court held that Bilski’s claims are not “process” claims under § 101, but recite an “abstract idea” as articulated in *Gottschalk v. Benson*,³⁵ *Parker v. Flook*,³⁶ and *Diamond v. Diehr*.³⁷ The Court held that the claims were directed to a mathematical formula which are abstract ideas that are not patent-eligible.³⁸ Additionally, the Court held:

26. *In re Bilski*, 545 F.3d at 960. *See In re Alappat*, 33 F.3d 1526, 1544 (Fed. Cir. 1994) (explaining that a computer-implemented system that produces a useful, concrete, and tangible result is patentable subject matter).

27. *In re Bilski*, 545 F.3d at 959–60.

28. *Id.* at 965–66.

29. *Id.* at 966.

30. *Bilski v. Doll*, No. 08-964, 2009 U.S. LEXIS 4103, at *1 (June 1, 2009).

31. *Bilski v. Kappos*, No. 130 S. Ct. 3218, 3224–25 (2010).

32. *Id.* at 3238 (Stevens, J., concurring in judgment) (quoting *Diamond v. Diehr*, 450 U.S. 175, 85 (1981)).

33. *Id.* at 3225 (majority opinion).

34. *Id.* at 3228.

35. 409 U.S. 64 (1972).

36. 437 U.S. 584 (1978).

37. *Bilski*, 130 S. Ct. at 3229. *See also Diamond*, 450 U.S. at 185 (explaining that laws of nature, natural phenomena and abstract ideas are excluded from patent protection); *Parker v. Flook*, 437 U.S. 584, 593 (1978) (noting that natural phenomena are not what the patent statute was created to protect); *Gottschalk v. Benson*, 409 U.S. 64, 67 (1972) (explaining that abstract ideas are not patentable because they are the basic tools of scientific work).

38. *Bilski*, 130 S. Ct. at 3131.

*[The claims] attempt to patent the use of the abstract idea of hedging risk in the energy market and then instruct the use of well-known random analysis techniques to help establish some of the inputs into the equation. Indeed, these claims add even less to the underlying abstract principle than the invention [held patent ineligible] in Flook did.*³⁹

The majority opinion was delivered by Justice Kennedy, joined by Justices Roberts, Thomas, and Alito in full, and by Justice Scalia in part,⁴⁰ Justice Stevens filed a concurring opinion joined by Justices Ginsburg, Breyer and Sotomayer.⁴¹ Justice Breyer filed a concurring opinion joined in part by Justice Scalia.⁴²

CASES AND CONTROVERSIES

*“[T]he primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is — for all practical purposes — to debilitate the patent system.”*⁴³

The concept of an “abstract idea” lies at the very core of judicial consternation with *Bilski*, namely a shift in patent eligibility analysis from the other 35 U.S.C. § 101 categories of inventions.⁴⁴ As stated by the BPAI, “[M]ethod claims do not have to recite what structure is used to perform the steps, making them **abstract** in nature, whereas claims to **things**, ‘machines, manufactures, or compositions of matter,’ easily fall within §101 (subject to the ‘special case’ of abstract ideas performed on machines).”⁴⁵ Additionally, Judge Newman stated in his appellate court dissenting opinion that “[t]he Court in *Flook* discussed that abstractions and fundamental principles have never been subject to patenting, but recognized the ‘unclear line’ between an abstract principle and the application of such principle . . .”⁴⁶ Against this backdrop, each of the reviewing bodies

39. *Id.* at 3231. *See also Flook*, 437 U.S. at 594 (noting the chemical processes involved in catalytic conversion are not patentable).

40. *Bilski*, 130 S. Ct. at 3223.

41. *Id.* at 3232 (Stevens, J., concurring).

42. *Id.* at 3257 (Breyer, J., concurring). Justice Scalia joins as to Part II, concurring in the judgment. *Id.*

43. *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966).

44. *See infra* notes 46–49 and accompanying text.

45. *Ex parte Bilski*, No. 2002-2257, 28 (B.P.A.I. Sep. 26, 2006) (emphasis added).

46. *Id.*

conceptualized the very nature of “process” claims by plunging into the depths of Patent Acts over their evolutionary path, as well as exploring a barrage of judicially created tests for determining patent-eligible subject matter.⁴⁷ Specifically, the Judiciaries sought clarity on whether non-machine based methodologies could find patent shelter.⁴⁸

The BPAI made the initial inquiry, noting that a “‘process’ is the most difficult category of § 101 to define.”⁴⁹ The Board spoke to the issue of “transformation” (the patent eligibility of processes tied to machines) as it relates to the “abstract idea” exception (patent ineligibility of some subject matter invented by man, judicially-created exclusions and laws of nature).⁵⁰ Interestingly, they interpreted the Supreme Court’s holdings in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*,⁵¹ and *AT&T Corp. v. Excel Communications, Inc.*,⁵² as difficult-to-address “special cases.”⁵³ In its decision, the Board held that “non-machine-implemented” method claims that do not recite “any physical transformation of physical subject matter, tangible or intangible from one state into another” are patent ineligible.⁵⁴ En route to its final analysis, it addressed several § 101 evaluative mechanisms:

The USPTO rejects method claims when they are interpreted to be so broad that they are directed to the abstract idea itself, rather than a practical implementation thereof; e.g., a series of

47. *In re Bilski*, 545 F.3d 943, 980 (Fed. Cir. 2008) (Newman, J., dissenting).

48. *See generally id.* at 951–55 (majority opinion) (discussing the nature of “process” claims through United States Supreme Court precedent and statutory construction).

49. *See Ex parte Bilski*, No. 2002-2257 at 6–7 (noting the patentability issues arising from “non-machine-implemented” methods); *see also In re Bilski*, 545 F.3d at 961–62 (discussing how an applicant may show that their process claim satisfies § 101 using the machine-or-transformation test).

50. *Ex parte Bilski*, No. 2002-2257 at 15–16 (“Where the transformation of data represents an ‘abstract idea[,]’ . . . the fact that the claimed subject matter would otherwise be considered statutory because it nominally recites a ‘machine’ or machine-implemented ‘process’ or ‘manufacture’ storing information to be read by a machine, will not prevent the claim from being held unpatentable.” (citing *Ex Parte Lundgren*, 76 U.S.P.Q. 1385, 1407–08 (B.P.A.I. 2005))). The Board distinguished between exceptions and exclusions. The former is defined as “subject matter that would fall within §101 ‘but for’ some exceptional condition,” whereas exclusions are “subject matter that is not within §101 by definition.” *Id.* at 22.

51. 149 F.3d 1368 (Fed. Cir. 1998).

52. 172 F.3d 1352 (Fed. Cir. 1999).

53. *Id.* at 26 (“For now, we interpret the *State Street* and *AT&T* test to be a test for when transformation of data by a machine is statutory subject matter.”).

54. *Id.* at 6. The court concluded that “claims 1-11 are not directed to statutory subject matter under 35 U.S.C. § 101.” *Id.* at 53.

*steps without any recitation of how the steps are performed might be rejected as nonstatutory subject matter as an ‘abstract idea,’ whereas the same series of steps, if performed by a machine, might be statutory as a practical application of the abstract idea.*⁵⁵

It was, however, outside of the BPAI’s realm to configure a mechanism by which to resolve this issue.⁵⁶ Consequently, it sought the appellate court’s guidance in determining a test for non-machine based processes, noting that “many questions remain about statutory subject matter and what the tests are for determining statutory subject matter.”⁵⁷ The BPAI went on to state:

*This is not inconsistent with our position that not every series of steps is a ‘process’ under § 101 because the Supreme Court’s definition of a ‘process’ requires a transformation of physical subject matter from one state to another. It would be helpful if the Federal Circuit would address this question directly.*⁵⁸

The appellate court obliged.⁵⁹ Chief Judge Michel began by stating that “patent-eligible subject matter under §101 is a threshold inquiry . . .”⁶⁰ More importantly, the appellate court took to an analysis of “fundamental principles,” better known as abstract ideas, which was for the benefit of both the USPTO and the courts.⁶¹ As such, Judge Michel stated:

[T]he underlying legal question thus presented is what test or set of criteria governs the determination by the Patent and Trademark Office (“PTO”) or courts as to whether a claim to a process is patentable under § 101, or, conversely, is drawn to

55. *Id.* at 28–29.

56. *See id.* at 27 (“If the Federal Circuit intends to create a new general test for statutory subject matter regardless of whether it involves transformation of data (signals) by a machine, then further explanation in an appropriate case is needed.”).

57. *Id.* at 7. *See also infra* note 58 and accompanying text.

58. *Ex parte Bilski*, No. 2002-2257 at 64.

59. *In re Bilski*, 545 F.3d 943, 949 (Fed. Cir. 2008) (ordering en banc review sua sponte).

60. *Id.* at 950.

61. *Id.* at 952 (noting that the true issue in the case is whether the applicants seek to claim a fundamental principle). *See also infra* note 62 and accompanying text.

*unpatentable subject matter because it claims only a fundamental principle.*⁶²

The appellate court's now famous "machine-or-transformation" test came in response to a complex question that it raised *sua sponte*: "How does one determine whether a given claim would pre-empt all uses of a fundamental principle?"⁶³ As the appellate court noted, "this inquiry is hardly straightforward."⁶⁴ Undeterred, the appellate court looked at several Supreme Court precedents and determined that an exclusive test that tied method claims to a machine, or performed a transformation to a different state or thing, was the best mode for testing the soundness of method claims under 35 U.S.C. § 101,⁶⁵ stating:

*Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines. Therefore, we believe our reliance on the Supreme Court's machine-or-transformation test as the applicable test for §101 analyses of process claims is sound.*⁶⁶

However, it recognized that the "machine-or-transformation" test may not be conclusive for emerging or future technologies and subsequently sought the Supreme Court's guidance, recognizing "that the Supreme Court may ultimately decide to alter or perhaps even set aside this test to accommodate emerging technologies."⁶⁷

Once at the Supreme Court, Justice Kennedy delivered the majority opinion.⁶⁸ The two primary issues were (1) determining whether the machine-or-transformation test applied by the appellate court fit within the

62. *In re Bilski*, 545 F.3d at 952.

63. *Id.* at 954.

64. *Id.*

65. See *infra* note 66 and accompanying text; see also *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972) ("It is argued that a process patent must either be tied to a particular machine or apparatus or must operate to change articles or materials to a 'different state or thing.'").

66. *In re Bilski*, 545 F.3d at 956 (quoting *Benson*, 409 U.S. at 70) (internal quotation marks omitted).

67. *Id.* at 956 (agreeing that future developments in technology and sciences may present challenges to the machine-or-transformation test).

68. *Bilski v. Kappos*, 130 S. Ct. 3218, 3223 (2010) (majority opinion).

confines of 35 U.S.C. § 101, and (2) whether business method patents should be categorically excluded.⁶⁹

With regards to the first issue, the Supreme Court chose to limit the significance of the machine-or-transformation test from being exclusive to merely being a consideration as part of a larger assessment.⁷⁰ As Justice Kennedy indicated, “This Court’s precedents establish that the machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under §101. The machine-or-transformation test is not the sole test for deciding whether an invention is a patent-eligible ‘process.’”⁷¹ The impetus for the Supreme Court’s limitation on the wide reaching impact of the machine-or-transformation test, as enumerated by the appellate court, was the possible impact an exclusive test might have on stifling the growth of biotechnology and future technologies.⁷² Justice Kennedy elaborated on this concern, “As numerous *amicus* briefs argue, the machine-or-transformation test would create uncertainty as to the patentability of software, advanced diagnostic medicine techniques, and inventions based on linear programming, data compression, and the manipulation of digital signals.”⁷³ The “abstract idea” analysis then became one pointedly directed at business methods patents on the whole and the *Bilski* patent in particular.⁷⁴ Here, the Supreme Court chose the route of empirical evidence, using the definition of “method” in 35 U.S.C. § 273(b)(1) to prove that business methods patents were, at least in theory, patent-eligible under 35 U.S.C. § 101.⁷⁵

69. *Id.* at 3225 (noting the two proposed categorical limitations on “process” patents).

70. *Id.* at 3227 (noting that the appellate court incorrectly concluded that the United States Supreme Court has endorsed the machine-or-transformation test as the exclusive test and that while the test is a useful and important clue, it is “not the sole test for deciding whether an invention is a patent-eligible ‘process’”).

71. *Id.*

72. *Id.* (noting that technology and other innovations progress in unexpected ways and that the appellate court’s exclusive test would create uncertainty in many inventive fields (citing *Diamond v. Chakrabarty*, 447 U.S. 303, 315 (1980))).

73. *Id.*

74. *See generally id.* at 3228–30 (discussing the patentability of business methods and concluding that the *Bilski* application did not include a patentable “process”).

75. *Id.* at 3228 (noting that § 273 acknowledges that there may be business method patents because the statute includes a prior use defense with respect to methods of doing or conducting business); *see also* 35 U.S.C. § 273(b)(1) (defining “method”). The argument that business methods are categorically outside of §101’s scope is further undermined by the fact that federal law explicitly contemplates the existence of at least some business methods patents. Under 35 U.S.C. § 273(b)(1), if a patent-holder claims infringement based on “a method in [a] patent,” the alleged infringer can assert a defense of prior use. For purposes of this defense alone, “method” is defined as “a method of doing or conducting business” In other words, by allowing this

In taking this path, the Supreme Court avoided protracted discussion of “abstract ideas,” perhaps to signal that all that could be said had already been done so by the lower courts.⁷⁶

However, in his concurring opinion, Justice Stevens noted this discrepancy:

*The Court, in sum, never provides a satisfying account of what constitutes an unpatentable abstract idea. Indeed, the Court does not even explain if it is using the machine-or-transformation criteria. The Court essentially asserts its conclusions that petitioners’ application claims an abstract idea. This mode of analysis (or lack thereof) may have led to the correct outcome in this case, but it also means that the Court’s musings on this issue stand for very little.*⁷⁷

The Supreme Court, perhaps not surprisingly, found that the *Bilski* claims were unpatentable.⁷⁸ On the whole, the consistent thread through the entire evaluation was that the method claims recited in *Bilski* were drawn to patent-ineligible subject matter under 35 U.S.C. § 101:⁷⁹ not because of the Examiner’s holding that the claims were not directed to the “technological arts”⁸⁰ not because the BPAI held that the claims were patent-ineligible under the “transformation test,” the “abstract idea exclusion,” and the “useful, concrete and tangible result test;”⁸¹ and finally, not because the appellate court held that the *Bilski* claims did not meet the machine-or-transformation test.⁸² Instead, the Supreme Court opted for a broader ruling

defense the statute itself acknowledges that there may be business method patents A conclusion that business methods are not patentable in any circumstances would render §273 meaningless. *Bilski*, 130 S. Ct. at 3228 (emphasis added) (citations omitted). *See also id.* at 3251 (Stevens, J., concurring) (“[I]t is a different matter altogether when the Court construes one statute, the 1952 Act, to give effect to a different statute, the 1999 Act. . . . Section 273 is a red herring; we should be focusing our attention on §101 itself.”). *See Id.* at 3229 (majority opinion) (stating that the patent application in *Bilski* falls outside of § 101 because it claims an abstract idea); *see also infra* note 79 and accompanying text.

76. *Bilski*, 130 S. Ct. at 3235–36 (Stevens, J., concurring).

77. *Id.* at 3236 (majority opinion) (rejecting the patent application under precedent on the unpatentability of abstract ideas).

78. *Id.*

79. *See id.* at 3238–39.

80. *Ex parte Bilski*, No. 2002-2257, 3 (B.P.A.I. Sept. 26, 2006).

81. *Id.* at 46–50.

82. *In re Bilski*, 545 F.3d 943, 964 (Fed. Cir. 2008).

by holding that the claims in question recited an “abstract idea” under several tests established by precedents.⁸³

Despite the legal gyrations that elevated *Bilski* through the judiciary ranks, it is interesting to note the shift in perspectives from examination conundrums to judicial review. Throughout the BPAI Informative opinion, Administrative Judge Barrett expressed the difficulties placed on Examiners trying to apply 35 U.S.C. § 101 during the examination process, stating:

*Given the difficulty for examiners to make §101 rejections, and the clear disfavor for such rejections in the opinions of our reviewing court, the U.S. Court of Appeals for the Federal Circuit, and in the view of many patent practitioners, it would be much more administratively convenient if the USPTO did not have to examine claims for statutory subject matter under § 101.*⁸⁴

During its review, the appellate court tried to develop a set of criteria that could be used by both the USPTO and the courts.⁸⁵ The demarcation became most distinct at the Supreme Court level, where judicial review was entirely based upon the interpretation of precedents, statutes and the historical significance of the various Patent Acts, with almost no reference or suggestion as to how the examining corps is to perform the “abstract idea” analysis.⁸⁶ Thus, it is unclear how much was really gained at the end of a very long day.

PREDICTABLE AND UNFORSEEN CONSEQUENCES

*“Congress did not intend for these practical implications to affect the determination of whether an invention satisfies the requirements set forth in 35 U.S.C. §§ 101, 102, 103 and 112.”*⁸⁷

On its face, the *Bilski* Supreme Court decision has financial implications on the U.S. Examination System.⁸⁸ In the heat of battle, the courts removed

83. See *Bilski*, 130 S. Ct. at 3239.

84. *Ex parte Bilski*, No. 2002-2257 at 8.

85. See *In re Bilski*, 545 F.3d at 958–61.

86. *Bilski*, 130 S. Ct. at 3236 (Stevens, J., concurring).

87. *Ex Parte Bilski*, No. 2002-2257 at 9 (citing *In re Fisher*, 421 F.3d 1365, 1378 (Fed. Cir. 2005)).

themselves from a basic fact, namely that the USPTO is still in the business of granting patents.⁸⁹ The USPTO's financial resources are obtained via Congressional authority where appropriations are limited to the fees collected in a given year.⁹⁰ Maintenance fees, filing, examination and search fees and issue fees generate approximately 81% of the total revenues.⁹¹ In 2009, the USPTO was allotted up to \$2.0101 billion for fees collected during the fiscal year.⁹² The USPTO did not collect the fees it had anticipated, nor did it do so for the previous year.⁹³ These setbacks resulted in examiner hiring freezes, freezes in incentive-based bonuses, suspensions in non-mandatory training and reduced funds for critical IT infrastructure projects, among other cutbacks, with projections for 2010 being worse.⁹⁴ In 2009, there were approximately 15,000 total applications filed in Class 705 (directed to business methods).⁹⁵ Set against this framework, and the narrow holding of the *Bilski* Supreme Court, the direct brunt of impact may be a loss of filings as well as express abandonments in vulnerable areas.⁹⁶ Given its recent history of continuous losses, it is not hard to imagine the deleterious effects of loss of filings based on a change in the course of patent law, and a fear of protracted and frivolous litigation, might have on the patent examination system.⁹⁷ While some have suggested that the

88. See Alex Osterlind, *Staking a Claim on the Building Blocks of Life: Human Genetic Material Within the United States Patent System*, 75 MO. L. REV. 617, 631 (2010) (discussing the USPTO's financial incentives in broadly interpreting patentable subject matter).

89. See generally U.S. Patent & Trademark Office, U.S.P.T.O Performance and Accountability Report for FY 2009 at 44, <http://www.uspto.gov/about/stratplan/ar/2009/2009annualreport.pdf> (last visited Sept. 26, 2010).

90. *Id.* at 67. Note also that this paper recognizes that the impact on the business world, particularly in the area of small business, may also prove dire. As of this writing, little by way of statistics is available to afford analysis of those forces.

91. *Id.* at 49 (stating that total revenues generated as \$1927.1 million with a net loss of \$54 million).

92. *Id.* at 67.

93. *Id.*

94. *Id.* at 46–47.

95. U.S. Patent & Trademark Office, *Class 705 Application Filing and Patents Issued Data*, <http://www.uspto.gov/patents/resources/methods/applicationfiling.jsp> (last modified May 13, 2010).

96. See 37 C.F.R. § 1.138 (2009). “Vulnerable areas” refers to applications in the business methods, software as well as non-device medical diagnostics and future technologies.

97. See Joe Mullin, *Patent Litigation Weekly: Surveying the Patent Landscape, Post-Bilski*, CORP. COUNSEL (July 6, 2010), available at <http://www.law.com/jsp/cc/PubArticleCC.jsp?id=1202463259759> (stating that it is “ ‘incredibly expensive to ‘disprove’. . . even the silliest patent.’”).

rulings may lead to an invigorated reexamination practice, it remains to be seen whether this is indeed the result.⁹⁸

Beyond the financial ramifications, there is also perhaps a second, unforeseen and subtle consequence, namely that the norms of the patent prosecution legal culture may be detrimentally impacted.⁹⁹ Lawrence Friedman defined legal culture as:

'[S]ocial forces . . . constantly at work on the law,' 'those parts of general culture—customs, opinions, ways of doing and thinking—that bend social forces toward or away from the law.' As an analytical term, legal culture emphasized the role of taken for granted and familiar actions that operated on and within the interactions of the legal system and its environment.¹⁰⁰

Prevailing customs in patent prosecution include the unwritten rule that one is not to cite case law in rebuttal arguments unless first raised by the Examiner.¹⁰¹ It is also understood that the Examiner will likely cite relevant sections of the Manual of Patent Examining Procedure (MPEP), a secondary precedent in the courts, in formulating legal arguments for Office Actions.¹⁰² The acceptance of declarations, information disclosure statements and affidavits, all made in good faith without formal authentication, is still the backbone of patent practice before the USPTO.¹⁰³

98. See James A. Coles and Stephen F. Rost, *Reexamination as an Alternative to Patent Litigation or a License*, TAFT STETTINUS & HOLLISTER LLP (Sept. 8, 2010), available at <http://www.taftlaw.com/news/publications/detail/641-reexamination-as-an-alternative-to-patent-litigation-or-a-license> (“[D]efendants and potential licensees are using reexaminations more frequently than in the past to challenge the validity of the claims in issued patents.”).

99. Christopher Hilberg, *Bilski v. Kappos (Finally!!!) and What It Means For Financial Services Patents*, PATS. & THE FIN. SERVICES INDUS. (July 15, 2010), available at <http://xelpi.com/?p=346> (stating that “practitioners and the Federal Circuit will grapple with the issue of what is an ‘abstract idea’ because the Supreme Court offered little, and in some ways puzzling, guidance on this matter it may take many test cases to more fully develop this area of patent law.”).

100. INTERNATIONAL ENCYCLOPEDIA OF SOCIAL AND BEHAVIORAL SCIENCES 8625 (2001) (citations omitted).

101. See Michael E. Kondoudis, *A Case For Citing To The Manual Of Patent Examining Procedure*, PATENTABLY DEFINED, (Dec. 10, 2007), available at <http://patentablydefined.com/2007/12/10/a-case-for-citing-to-the-manual-of-patent-examining-procedure> (citation omitted) (“[R]eliance on case law can be a risky proposition”).

102. *Id.* (stating that reliance on the MPEP is the “safest bet” for an examiner because it provides guidance and instructions about the prosecution of patent applications).

103. See 35 U.S.C. § 25 (2006); 37 C.F.R. § 1.68 (2009) (allowing for documents to be filed as declarations in lieu of oaths). See also 37 C.F.R. § 1.56 (2009) (stating applicant’s duty to file an

There is also the fact that the majority of Examiners and, increasingly, practitioners, are non-attorney scientists.¹⁰⁴ These may appear to be unessential to the overall issues raised herein, but this is assuredly not so. The point is not that Examiners and non-attorney practitioners are incapable of conceptualizing patent law, but rather that their analysis is likely based upon a hybrid of their training in scientific methodology and legal analysis, as opposed to pure legal analysis.¹⁰⁵ As noted by the USPTO, “A patent examiner must accept a utility asserted by an applicant unless the Office has evidence or **sound scientific reasoning** to rebut the assertion. The Examiner’s decision must be supported by a preponderance of all the evidence of record.”¹⁰⁶ Thus, a ruling based purely on legal precedents, such as that put forth by the *Bilski* Supreme Court, may likely suffer the fate of inconsistent application in the field of patent examination and prosecution.¹⁰⁷

The BPAI has been inherently sympathetic to such ordeals, and “[t]he USPTO is struggling to identify some way to objectively analyze the statutory subject matter issue instead of just saying ‘we know it when we see it.’”¹⁰⁸ However, the Supreme Court has been a bit short in coming to their aid by failing to provide rulings that would effectively alleviate the BPAI’s ‘we know it when we see it’ concern.¹⁰⁹ No doubt in an effort to reduce the soporific effects on Examiners brought on by the reading of the

information disclosure statement in non-provisional applications); 37 C.F.R. § 1.131 & 1.132 (describing declarations for swearing behind references and declarations for traversing rejections or objections, respectively).

104. Dennis Crouch, *Attorney Versus Agent*, PATENTLYO (Aug. 24, 2010), available at <http://www.patentlyo.com/patent/2010/08/attorney-versus-agent.html>.

105. See Utility Examination Guidelines, 66 Fed. Reg. 1092, 1096 (Jan. 5, 2001) (discussing the fact that patent examiners must analyze statutory requirements and scientific reasoning in determining a patent grant).

106. *Id.* (emphasis added) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). See MERRIAM-WEBSTER’S COLLEGIATE DICTIONARY 1045 (10th ed. 1998) (defining “scientific method” as “principles and procedures for the systematic pursuit of knowledge involving the recognition and formulation of a problem, the collection of data through observation and experiment, and the formulation and testing of hypotheses”).

107. See Hilberg, *supra* note 99 (emphasis added).

108. *Ex parte Bilski*, No. 2002-2257, 11 (B.P.A.I. Sept. 26, 2006).

109. See *Bilski v. Kappos*, 130 S. Ct. 3218, 3236 (2010) (U.S. June 28, 2010) (Stevens, J., concurring) (stating that the Supreme Court in *Bilski* never provides a satisfying account of what constitutes an unpatentable abstract idea).

Supreme Court *Bilski* decision, the Patent Office has risen to the occasion by issuing several Interim Guides.¹¹⁰

THE TROUBLE WITH GUIDELINES

*“The state of the law with respect to subject matter eligibility is in flux.”*¹¹¹

The powers and duties of the USPTO are stipulated in the United States Code and interpreted by the Code of Federal Regulations.¹¹² It is the duty of the USPTO to grant patents commensurate with all relevant laws that are placed before it.¹¹³ These powers and duties are the penultimate constraints in the practice of patent prosecution law.¹¹⁴ As it is so eloquently stated, Administrative Law consists of “[t]he procedures created by administrative agencies (governmental bodies), including rules, regulations, opinions, and orders. **These procedures are often unique to each agency and are usually not found in statutes.**”¹¹⁵

In order to clarify precedents to Examiners, the USPTO has been issuing guidelines with rules of examination that attempt to reflect the change in the law.¹¹⁶ With *Bilski*, the USPTO has provided multiple guidelines and memorandums.¹¹⁷ However, can these guidelines effectively qualify precedents to effectuate consistent examination procedures as are their intent?

The most recent notice published in the Federal Register instructs the Examiners with the following:¹¹⁸

110. See Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. 43922 (July 27, 2010) (discussing how to utilize the machine-or-transformation test in view of the *Bilski* appellate decision).

111. U.S. Patent & Trademark Office, *Interim Examination Instructions For Evaluating Subject Matter Eligibility Under 35 U.S.C. §101* (Aug. 24, 2009), http://www.uspto.gov/web/offices/pac/dapp/opla/2009-08-25_interim_101_instructions.pdf.

112. See 35 U.S.C. § 2 (2006). See generally 37 C.F.R. 1 (2009) (defining the powers and duties of the Patent and Trademark Office).

113. See 37 C.F.R. § 1.104 (2009) (defining the nature of an examination).

114. See 37 C.F.R. § 1.116 & 1.114 (2009) (setting forth the process for requesting continued examination).

115. *Nolo's Plain English Law Dictionary*, Nolo.com <http://www.nolo.com/dictionary/administrative-law-term.html> (emphasis added) (last visited Jan. 13, 2011).

116. Utility Examination Guidelines, 66 Fed. Reg. 1092 (Jan. 5, 2001).

117. *Id.* See Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. 43922 (July 27, 2010).

118. *Id.* at 43, 922–28.

1. *The subject matter eligibility determination should not be burdensome to most Examiners as they will not be likely to encounter it;*
2. *Patent Examiners are asked to state all “non-cumulative reasons and bases” for claim rejections in their first Office Action;*
3. *Examination for an appropriate prima facie case of ineligibility must include:*
 - A. *Claim evaluation as a whole;*
 - B. *A weighing of the relevant factors of Bilski and previous Supreme Court precedent; and*
 - C. *A determination of whether the claims comply with subject matter eligibility of §101;*
4. *Consideration of rebuttal arguments and evidence supporting subject matter eligibility by the Office;*
5. *A reminder that § 101 is not the sole tool for determining patentability for claims that recite an abstract idea (§§ 102, 103 and 112 should also be considered);*
6. *Patent Examiners should also avoid focusing on issues of patent-eligibility except in “the most extreme cases;” and*
7. *The previously used “abstract-idea exception” should be utilized in evaluating the claims for patent eligibility over the “machine-or-transformation” test.*¹¹⁹

The guideline notice goes on to describe myriad factors that *may be* used to evaluate patent-eligibility of method claims, and it is also important to note that the present guideline notice is but one of three that is to be consulted in making patent-eligibility evaluations.¹²⁰

Although Number 1 above was intended to allay fears, it has the makings of a macabre game of musical chairs with the quaking non-majority Examiner having no choice but to proceed into the murky hell of

119. *Id.* at 43, 923–24.

120. *Id.* See also U.S. Patent & Trademark Office, Interim Examination Instructions for Evaluating Subject Matter Eligibility Under 35 U.S.C. § 101, (Aug. 24, 2009), http://www.uspto.gov/web/offices/pac/dapp/opla/2009-0825_interim_101_instructions.pdf (explaining how to utilize the machine-or-transformation test in view of *In re Bilski*, 545 F.3d 943); Memorandum from Robert W. Bahr, Acting Assoc. Comm’r for Patent Examination Policy to Patent Examining Corps (June 28, 2010), http://www.uspto.gov/patents/law/exam/bilski_guidance_28jun2010.pdf; 101 Method Eligibility Quick Reference Sheet (July 27, 2010), http://www.uspto.gov/patents/announce/bilski_qrs.pdf.

guideline interpretations.¹²¹ Be that as it may, there is little doubt that the guidelines fall short in their intended goal and fail to provide clear and concise instructions.¹²² The best exemplification is that the guidelines in question spend an inordinate amount of verbiage to build up the “abstract idea exception,” but provide no particular test or language to define it.¹²³ While the list of factors may be helpful in assisting the Examiner in ferreting out patent-eligibility, the subjective language does not provide any suggestion that the Examiner is, in fact, applying the rule of law correctly.¹²⁴ As the guideline states:

*While the Supreme Court in Bilski did not set forth detailed guidance, there are many factors to be considered when determining whether there is sufficient evidence to support a determination that a method claim is directed to an abstract idea. The following factors are intended to be useful examples and are not intended to be exclusive or limiting. It is recognized that new factors may be developed, particularly for emerging technologies. It is anticipated that the factors will be modified and changed to take into account developments in precedential case law and to accommodate prosecution issues that may arise in implementing this new practice.*¹²⁵

Note that the factors are an amalgam of the machine-or-transformation test, as well as the “abstract idea exception,” and, yet, the guideline makes a decisive move in favor of the so-called “abstract idea exception.”¹²⁶ Thus, the Examiner is no closer to being able to ascertain what specific factors should or are to be utilized.

The confusion is compounded by an anomaly resulting from Number 5 above. While the majority of the *Bilski* Court stipulates that patent eligibility under § 101 is part of an overall inquiry of patentability that

121. See Paul Devinsky & Eric M. Shelton, *Bilski v. Kappos—Back Where We Started?*, MONDAQ (Aug. 18, 2010), http://www.mondaq.com/unitedstates/article.asp?article_id=108146 (stating that although the USPTO issued guidelines in response to the Supreme Court’s *Bilski* decision, there is still no definitive test for patentable subject matter in terms of process claims).

122. *Id.*

123. See Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. at 43, 924–26.

124. *Id.* at 43, 924.

125. *Id.*

126. *Id.* at 43,925–26

involves §§ 102, 103 and 112,¹²⁷ the meaning of such is correctly provided by Justice Stevens in his concurring opinion, wherein he states:

*Because the only limitation on the plain meaning of ‘process’ that the Court acknowledges explicitly is the bar on abstract ideas, laws of nature, and the like, it is presumably this limitation that is left to stand between all conceivable human activity and patent monopolies. But many processes that would make for absurd patents are not abstract ideas. Nor can the requirements of novelty, nonobviousness, and particular description pick up the slack.*¹²⁸

Thus, the guideline’s suggestion that any shortcomings in examining claims under §101 can be made up by examination of the claims under §§ 102, 103, and 112¹²⁹ is incorrect. Each statute stands alone, and thus examination of the claims under each must also stand alone as it has always done. To now advocate that the Examiner look to the other statutes in support of a patent-ineligibility review requires a “combination” examination unsupported in patent practice. In all fairness to the USPTO, it is most unlikely that this was their intent. However, such is the predictable consequence of interpretation in the world devoid of a relevant Rosetta Stone.¹³⁰

Unfortunately, but not surprisingly, the problems with guidelines are not new.¹³¹ The BPAI has provided a concurrent, detailed review of interpretations through the years, and much of their opinions remain salient.¹³² For instance, the BPAI stated:

Guidelines are intended to instruct examiners on how to apply the law to the facts. The Board is not bound by such guidelines but applies the law directly to the facts. The Interim Guidelines

127. *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010).

128. *Id.* at 3238 n.5 (Stevens, J., concurring) (emphasis added).

129. Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. at 43, 923–24.

130. Angela D. Follett, Note, *The Problem with Bilski: Medical Diagnostic Patent Claims Reveal Weaknesses in a Narrow Subject Matter Test*, 7 U. ST. THOMAS L.J. 229, 233 (2009) (“Such a change in the status quo of statutory patentability will undoubtedly have unpredictable implications on patents issued under the old standard, applications currently pending in the Patent and Trademark Office, and on inventions not yet conceived.”).

131. See *infra* notes 141–42 and accompanying text.

132. See, e.g., *Ex parte Bilski*, No. 2002-2257 (B.P.A.I. Sept. 26, 2006).

*state: 'Rejections will be based upon the substantive law and it is these rejections which are appealable. Consequently, any failure by USPTO personnel to follow the Guidelines is neither appealable nor petitionable'. . . this exercise underscores, for this panel, several problems with the Interim Guidelines that limit their usefulness severely.*¹³³

As per the USPTO, in its July 27, 2010, Interim Guideline:

*This guidance does not constitute substantive rule making and hence does not have the force and effect of law. Rejections will continue to be based upon the substantive law, and it is these rejections that are appealable. Consequently, any **perceived failure** by Office personnel to follow this guidance is neither appealable nor petitionable.*¹³⁴

What, then, is the relevance of instructions on the administrative application of substantive law that cannot be challenged or argued on the basis of its interpretation of substantive law? Additionally, what is their relevance if the rejections themselves are based upon the Examiner's incorrect reliance on the guidelines?

To stay one step ahead of the law, commentators have suggested that practitioners narrowly draft claims with the "machine-or-transformation" test in mind.¹³⁵ However, such actions may be quixotic in light of the amorphous framework proscribed by the USPTO, without any measure of recourse, but we must also consider that we are in the twilight of the guideline movement. The true measure of their worth shall be the test of

133. *Id.* at 35 (citing U.S. Patent & Trademark Office, Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility, United States Patent and Trademark Office at 142 (Nov. 22, 2005), <http://www.uspto.gov/web/offices/com/sol/og/2005/week47/patgupa.htm>).

134. Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. at 43,926 (emphasis added).

135. See, e.g., *USPTO Interim Bilski Guidelines: David Luetgen of Foley & Lardner Weighs In*, PATENT LAW PRACTICE CENTER (Aug. 6, 2010), <http://patentlawcenter.pli.edu/2010/08/06/uspto-interim-bilski-guidelines-david-luetgen-of-foley-lardner-weighs-in/> (suggesting that "companies should also consider including claims in their patent applications that more clearly satisfy the [machine-or-transformation] test").

time. Thus, the answer to our query on the guidelines' abilities to functionalize precedents is the ubiquitous "perhaps."¹³⁶

A TANGIBILITY PRINCIPLE

*"Why should we treat information about tangible things in a manner that is categorically different from the manner in which we treat information about intangible things?"*¹³⁷

In the course of its analysis, it was also perhaps the *Bilski* Court's intent to alert legislators that the reforms placed before it are timely. Justice Stevens noted:

*[A]bsent a discernible signal from Congress, we proceed cautiously when dealing with patents that press on the limits of the "standard written into the constitution," for at the "fringes of congressional power," "more is required of legislatures than a vague delegation to be filled in later[.]" We should not casually risk exceeding the constitutional limitation on Congress' behalf.*¹³⁸

Given the number of recently remanded cases, it might also be a directive to the lower courts that the patent system requires better definitive structures for Constitutional interpretation.¹³⁹ Regardless, the plethora of inevitable legal gyrations from *Bilski's* systemic review has served to quake the terrain of patent examination and prosecution, for there have been diminishing returns in the manner by which precedential legal authorities

136. I have always held a deep respect for the BPAI, but never more so than in the reading of Ex parte Bilski, No. 2002-2257 (B.P.A.I. Sept. 26, 2006) at 35 n.8 ("Elizabeth: You have to take me to shore! According to the Code of the Order of the Brethren. Barbosa: First, your return to shore was not part of our negotiations nor our agreement, so I 'must' do nothin'. And secondly, you must be a pirate for the pirate's code to apply, and you're not. And thirdly, the code is more what you call guidelines than actual rules. Welcome aboard the Black Pearl, Miss Turner." (citing Pirates of the Caribbean (Disney 2003))).

137. Kevin Emerson Collins, *An Initial Comment on In re Bilski: Tangibility Gone Meta*, 3 (Nov. 1, 2008), <http://www.patentlyo.com/patent/law/collinsmetabilski.pdf>. Note that Professor Collin's paper is a commentary on the *Bilski* appellate Case. The quote has been used outside the context of his paper.

138. *Bilski v. Kappos*, 130 S. Ct. 3218, 3239 (2010) (Stevens, J., concurring) (citations omitted) (quoting *Graham v. Deere*, 38 U.S. 1, 6 (1966); *Barrenblatt v. United States*, 360 U.S. 109, 139-40 (1959) (Black, J., dissenting)).

139. See, e.g., *supra* note 2.

can affect a well established administrative system of review.¹⁴⁰ The USPTO has made valiant attempts to weld applicable rulings with administrative guidance,¹⁴¹ but its intent is misplaced, for one cannot inject subjectivity into a system that presumes validity on its face and only allows for two responses: allowance or rejection.¹⁴²

In light of pending legislative changes in patent law and the onslaught of judicial precedents,¹⁴³ it may be timely to consider tangible alternatives that are better able to absorb large and small shifts in the law, while concurrently weighing existing and pending examination/prosecution policies. These alternatives should be developed in sight of normative as well as disjunctive identifiers. One should consider interesting perspectives such as the Supreme Court's use of the *Graham v. Deere*¹⁴⁴ ruling in analyzing patent eligibility of method claims under 35 USC §101.¹⁴⁵

The key to such an analysis should begin by recognizing that formal review of some statutes under U.S. patent law might be untenable. There should also be real recognition that emerging and future technologies are unpredictable, and that the present system may be ill-equipped to offer traditional patent protection.¹⁴⁶

Commentators have suggested patent "reforms" in other frameworks that warrant consideration in light of the changes to 35 U.S.C. § 101. One suggestion is that "information asymmetries between inventors and patent officials can be overcome if the government offers a menu of patents of

140. *Id.*

141. *See, e.g.*, Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. 43,922 (July 27, 2010).

142. *See* U.S. Patent & Trademark Office, Process for Obtaining a Utility Patent, <http://www.uspto.gov/patents/process/index.jsp> (last visited January 13, 2011).

143. *See, e.g.*, Letter from Patrick Leahy, U.S. Senator, to Harry Reid, Majority Leader (Sept. 15, 2010) available at <http://www.judiciary.senate.gov/resources/documents/111thCongressUpload/091510JointLetterToReId.pdf> (requesting Majority Leader Reid bring the Managers' Amendment to S.515, the Patent Reform Act, to the Senate floor for consideration, and further stating that the Amendment shall (1) speed up the patent application process; (2) allow for opposition practice during application; (3) allow for post grant review; (4) enhance international harmonization, and (5) allow for greater predictability in patent infringement litigation).

144. 383 U.S. 1 (1966).

145. *Bilski v. Kappos*, 130 S. Ct. 3218, 3239 (2010) (Stevens, J., concurring) (quoting *Graham v. Deere* 38 U.S. 1, 6 (1966)).

146. *See* Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*, 75 Fed. Reg. 43,922, 43,924 (July 27, 2010) ("It is recognized that new factors may be developed, particularly for emerging technologies. It is anticipated that the factors will be modified and changed to take into account developments in precedential case law and to accommodate prosecution issues that may arise in implementing this new practice.").

different lengths,” thereby leading to a greater ability to invest in research and development.¹⁴⁷ Thus, it might be prudent to consider alternatives such as variability in patent terms based on the longevity of the technology and/or the business entity’s ability to provide funding to sustain patent protection. Additionally, alternatives such as lower filing costs for continuation-type applications (that forego subjective statutory review) with limited terms and protective schemes, such as limited protection against infringement litigation practices, may also be added to the options available for patent protection.¹⁴⁸ While the list of suggestions appears to be long, there is a great need to holistically explore the mode and manner of patent practice and consider suggestions great, small, conservative and radical from what has become an extended patent family.¹⁴⁹

As previously mentioned, the goal of this paper has been to promote thought and discourse that may lead to alternative standards of examination and prosecution for statutory provisions that are prone to subjective interpretations. It is imperative that adaptable mechanisms be sought and implemented that will continue “[t]o promote the [p]rogress of [s]cience and useful [a]rts” for existing, emerging and future technologies, as has been the continuing agenda of our Patent system.¹⁵⁰

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147. Josh Lerner, *150 Years of Patent Office Practice*, 7 AM. L. & ECON. REV. 112, 116 (2005).

148. *See id.* at 116–17.

149. This "family" should include practitioners, litigators, examiners, agency and private policy makers, academics, judges, specialty bar organizations and the oft-silent patent searcher.

150. U.S. CONST. art. I, § 8.