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Bilski v. Kappos: Back to 1981

By Michael L. Kiklis

Patent attorneys practicing in the computer-related and business method areas have struggled for many years to understand exactly where the boundaries lie for patentable subject matter. Since 1981, the year that the Supreme Court last spoke on the issue, lawyers have had to reconcile three somewhat contradictory Supreme Court cases as well as a whole body of case law from the Federal Circuit that was itself difficult at times to reconcile. In fact, the Federal Circuit has used at least three different tests to identify patentable subject matter. With the *Bilski* decision,[1] the Supreme Court has finally spoken again and sent us back to 1981.

After the Federal Circuit's decision in *State St. Bank & Trust Co. v. Signature Fin. Group, Inc.*,[2] many patent lawyers thought that the flood gates had opened for patentable subject matter, including business method patents. *State Street* provided a new test for determining patentable subject matter and signaled the death of the business method exception. Certainly, the US Patent and Trademark Office (PTO) seemed to agree, because the PTO has granted thousands of business method patents since that time.[3] In conjunction with *State Street's* new test, this author cautioned that the industry would not know whether there was a true expansion of patentable subject matter until the Federal Circuit considered a purely non-physical claim, one not tied to a particular machine.[4] The Federal Circuit has now ruled twice on such claims, once in *In re Comiskey*[5] and another in *In re Bilski*.[6] More importantly, the Supreme Court has finally weighed in, and we now have our answer.

A patent application by Bernard Bilski and Rand Warsaw has just such a non-physical claim, a process claim directed to a business method. This application made its way through examination at the PTO, to the PTO's Board of Patent Appeals and Interferences, and then to the Federal Circuit, where the Federal Circuit applied traditional notions of patentable subject matter to find that the claim was unpatentable. In fact, the *en banc* Federal Circuit applied a new test,

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known as the machine-or-transformation test, the third since the Supreme Court last spoke on this issue.[7] The machine-or-transformation test concludes that process claims recite patentable subject matter if (1) the process is tied to a machine or (2) the process involves the transformation of an article from one state to another.[8] This test, while supported empirically by the result of the Federal Circuit's patentable subject matter cases, provides an overly restrictive and rigid test for patentable subject matter and was ripe for review by the Supreme Court.

The Supreme Court granted *certiorari* on June 1, 2009.[9] Briefing has long since been completed, arguments heard, and now the Supreme Court has rendered its opinion. The result reverted the test to what it once was and always should have been: There are no exceptions to patentable subject matter beyond those for laws of nature, abstract ideas, and natural phenomenon. So, now what?

This article presents the road to the Supreme Court's *Bilski* decision to provide a historical perspective, discusses the Supreme Court's holding and rationale in the *Bilski* opinion, and provides an analysis of the post-*Bilski* landscape.

The Long Road to *Bilski*

The framers of the Constitution intended to promote the progress of science and the "useful arts."[10] The reference to the "useful arts" creates the right to patent protection.[11]

Since the time of the Constitution, courts have never limited subject matter eligibility to certain fields, categories, or types of inventions within the "useful arts." For example, courts have never used policy grounds as a reason for treating one useful art either more or less favorably than any other. Rather, courts have extended subject matter eligibility to the full range of the useful arts in an even and consistent manner.[12] It seems reasonable to conclude that all categories of innovations should deserve the same amount of encouragement. Also, any broad categorical exclusion should come from Congress: "It is, of course, correct that Congress, not the courts, must define the limits of patentability; but it is equally true that once Congress has spoken it is 'the province and duty of the judicial department to say what the law is.'"[13]

The Patent Act of 1793 was drafted by Thomas Jefferson, and "[t]he Act embodied Jefferson's philosophy that 'ingenuity should receive a liberal encouragement.'"[14] The 1793 Patent Act defined statutory subject matter as "any new and useful art, machine, manufacture, or composition of matter, or any new or useful improvement [thereof]."[15]

Jefferson's original, expansive language remained virtually unchanged until 1952, when Congress substituted the word "process" for "art."[16] At that time, "[t]he Committee Reports accompanying the 1952 Act inform us that Congress intended statutory subject matter to 'include anything under the sun that is made by man.'"[17] A "process" is an "art," and the change from "art" to "process" did not alter the basic "[a]nalysis of the eligibility of a claim of patent protection for a 'process.'"[18]

The Supreme Court construes § 101 broadly: "we are mindful that this Court has already spoken clearly concerning the broad scope and applicability of § 101."

Along with this change, Congress defined "process": "The term 'process' means process, art, or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material."[19] This definition provides no basis for discriminating between different kinds of processes, but it also does not define what a "process" is.

Today, the statute defining eligible subject matter continues to use expansive language: "Whoever invents or discovers *any* new and useful process, machine, manufacture, or composition of matter, or *any* new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."[20]

In view of this statutory framework, the Supreme Court construes § 101 broadly: "we are mindful that this Court has already spoken clearly concerning the broad scope and applicability of § 101."[21] The Court has also recognized that § 101 is a "dynamic provision designed to encompass new and unforeseen inventions."[22]

Although construed broadly, the Supreme Court has recognized certain exceptions to subject matter eligibility, including "laws of nature, natural phenomena, and abstract ideas."[23] Also, "[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work."[24]

Before *Bilski*, the Supreme Court most recently considered the bounds of § 101 in a trio of cases: *Benson*, *Flook*, and *Diehr*. None of these cases required, however, that process claims satisfy the machine-or-transformation test.

In *Benson*, the Supreme Court considered whether a process of converting binary coded decimals (BCD) into pure binary was suitable subject matter for patent protection.[25] The Court noted that "[h]ere the 'process'

claim is so abstract and sweeping as to cover both known and unknown uses of the BCD to pure binary conversion."[26] In finding the claim unpatentable, the Court noted that the practical effect of patenting the claimed BCD to binary conversion system would be to patent an idea.[27] Ultimately, the Court concluded that Congress should decide whether computer programs are patentable.[28] Of particular note, however, was that the Court specifically held that the machine-or-transformation test was *not* the only way to determine subject matter eligibility for process claims:

> 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." We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents. It is said that the decision precludes a patent for any program servicing a computer. We do not so hold.[29]

In *Flook*, the Supreme Court considered whether a method of updating alarm limits constituted patentable subject matter when the only difference between conventional methods and that described in the patent application was the inclusion of a mathematical formula.[30] The *Flook* court found the claim unpatentable because the claim, without the formula, did not recite a patentable invention.[31] In other words, if the claim were not novel without the formula, it did not satisfy § 101. Although the test was inconsistent with *Benson*, the Court once again refused to hold that the machine-or-transformation test was the only way to determine subject matter eligibility for process claims:

> The statutory definition of "process" is broad. *See* n. 8, *supra*. An argument can be made, however, that this Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a "different state or thing." *See Cochrane v. Deener*, 94 U.S. 780, 787-788, 24 L.Ed. 139. As in *Benson*, we assume that a valid process patent may issue even if it does not meet one of these qualifications of our earlier precedents.[32]

In *Diehr*, the Supreme Court considered whether a rubber molding process constituted patentable subject matter.[33] The Court rejected the point-of-novelty test of *Flook*.[34] Rather, the Supreme Court held that, when performing a § 101 inquiry, the claim as a whole must be analyzed.[35] Since the claim did not attempt to patent a formula in the abstract but was instead drawn to an industrial process for the molding of rubber products, the Supreme Court found the claim to be patentable:

> We view respondents' claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula. We recognize, of course, that when a claim recites a mathematical formula (or scientific principle or phenomenon of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula in the abstract.[36]

The Court also stated:

> [W]hen a claim containing a mathematical formula implements or applies that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect (e.g., transforming or reducing an article to a different state or thing), then the claim satisfies the requirements of § 101.[37]

In this passage, the Court was merely referring to transformation as an *example* of the kinds of processes that constitute patentable subject matter, not endorsing the machine-or-transformation test as the sole standard for patent-eligible subject matter.

After explaining the judicially created exceptions of laws of nature, natural phenomena and abstract ideas, the Court stated:

> Our recent holdings in *Gottschalk v. Benson*, *supra*, and *Parker v. Flook*, *supra*, both of which are computer-related, stand for no more than these long-established principles.[38]

In this statement, the Supreme Court apparently minimized the impact of *Benson* and *Flook*.

Post-*Diehr* Federal Circuit Treatment

Since *Diehr*, the Federal Circuit[39] has used three different tests to determine the patentability of subject matter, including computer-related inventions and business method inventions. These tests include the *Freeman-Walter-Abele* test, the useful-concrete-and-tangible test, and the machine-or-transformation test of *Bilski*. The use of three different tests is remarkable, since the Supreme Court had not provided any guidance post-*Diehr*.

After *Diehr*, the Federal Circuit first used the *Freeman-Walter-Abele* test to determine whether claims dealing with mathematical subject matter satisfied § 101. According to this test, after a court determines whether the claim

includes an algorithm, "the claim must be further analyzed to ascertain whether in its entirety it wholly preempts that algorithm."[40] This test was also stated as requiring that the algorithm be "applied in any manner to physical elements or process steps," provided that its application is circumscribed by more than a field of use limitation or non-essential post-solution activity. Thus, if the claim would be "otherwise statutory," . . . without the algorithm, the claim . . . presents statutory subject matter.[41]

Since *Diehr*, the Federal Circuit has used three different tests to determine the patentability of subject matter, including computer-related inventions and business method inventions.

The purpose of the test is to determine whether the "claimed invention is a mathematical algorithm," which would be improper subject matter for patent protection, "whereas if the claimed invention is an application of the algorithm," the claimed invention would constitute proper subject matter.[42] This test thus focused on whether all uses of an algorithm were preempted, thereby rendering the claim to be nothing more than an abstract idea.

Later, the Federal Circuit, sitting *en banc,* focused on whether the contested subject matter was nothing more than a law of nature, natural phenomenon, or abstract idea:

> Given the foregoing, the proper inquiry in dealing with the so called mathematical subject matter exception to § 101 alleged herein is to see whether the claimed subject matter *as a whole* is a disembodied mathematical concept, whether categorized as a mathematical formula, mathematical equation, mathematical algorithm, or the like, which in essence represents nothing more than a "law of nature," "natural phenomenon," or "abstract idea." If so, *Diehr* precludes the patenting of that subject matter. That is not the case here.[43]

The Federal Circuit continued to use the *Freeman-Walter-Abele* test until *State Street Bank v. Signature Financial Group*, where the Federal Circuit clarified that a "mathematical algorithm is unpatentable only to the extent that it represents an abstract idea."[44] Also, "[u]npatentable mathematical algorithms are identifiable by showing they are merely abstract ideas constituting disembodied concepts or truths that are not 'useful.' From a practical standpoint, this means that to be patentable an algorithm must be applied in a 'useful' way."[45] Thus, the Federal Circuit adopted a "useful, concrete, and tangible result" test.[46] Again, the Federal Circuit's analysis did not place rigid limitations on subject matter; rather, it attempted to determine whether the claim fit into an exception, an abstract idea. The Federal Circuit also abolished the business method exception to the extent that it ever existed: "We take this opportunity to lay this ill-conceived exception to rest."[47] Thus, "useful, concrete, and tangible" was the test until *Bilski*.

Without criticizing *State Street*, the Federal Circuit previewed the machine-or-transformation test in *Comiskey*.[48] In this case, on appeal from the Board of Patent Appeals and Interferences, the Federal Circuit considered purely non-physical claims, dealing only with the mental process of mandatory arbitration resolution, as well as claims embodying that process in a machine.[49] The Court recognized a two-part test for determining whether processes are patentable: First, when an abstract concept has no claimed practical application, it is not patentable.[50] Second, if the abstract concept has a practical application, it must involve another category of statutory subject matter (*i.e.*, machine, manufacture, or composition of matter).[51] The Court clarified the second step:

> As the PTO notes, "[t]he Supreme Court has recognized only two instances in which such a method may qualify as a section 101 process: when the process 'either [1] was tied to a particular apparatus' or [2] operated to change materials to a 'different state or thing.'"[52]

The Federal Circuit stated that § 101 does not allow patents to be issued "on particular systems that depend for their operation on human intelligence alone."[53] When a mental process is combined with a machine, however, "the combination may produce patentable subject matter."[54] As a result, the Federal Circuit found the claims that were not embodied in a machine to be unpatentable and those claims that were embodied in a machine to be patentable.[55] Of particular note in this case is that the Federal Circuit raised the § 101 issue *sua sponte*.[56] The patent examiner had implicitly concluded that the claims satisfied § 101.[57]

Bilski

Bilski and Warsaw filed their patent application on April 10, 1997.[58] The application describes a method of hedging risk in the field of commodities trading.[59] Claim 1 follows:

> A method for managing the consumption risk costs of a commodity sold by a commodity provider at a fixed price comprising the steps of:

> (a) initiating a series of transactions between said commodity provider and consumers of said commodity wherein said consumers purchase said commodity at a fixed rate based upon historical averages, said fixed rate corresponding to a risk position of said consumer;
>
> (b) identifying market participants for said commodity having a counter-risk position to said consumers; and
>
> (c) initiating a series of transactions between said commodity provider and said market participants at a second fixed rate such that said series of market participant transactions balances the risk position of said series of consumer transactions.

The steps of the claim do not involve any machines.[60] The patent examiner rejected the claim based on § 101: "[r]egarding [] claims 1-11, the invention is not implemented on a specific apparatus and merely manipulates [an] abstract idea and solves a purely mathematical problem without any limitation to a practical application, therefore, the invention is not directed to the technological arts."[61]

Bilski appealed to the PTO's Board of Patent Appeals and Interferences (BPAI). The BPAI sought to determine whether Bilski's claims constituted patentable subject matter but had to first face a difficult matter: "[e]qually important is what test(s) should be applied in determining statutory subject matter."[62] Given the confusing history of § 101 at both the Supreme Court and the Federal Circuit, it is no wonder that the BPAI struggled to determine which test to apply.

Ultimately, the BPAI applied several tests in addition to the PTO's interim guidelines and found the claims unpatentable under each test.[63] First, the BPAI applied the transformation test and found that neither electrical signals nor physical subject matter is transformed into a different state or thing.[64] Second, the BPAI applied the abstract idea test and found that claim 1 "is nothing but an [sic] disembodied 'abstract idea' until it is instantiated in some physical way so as to become a practical application of the idea."[65] Third, the BPAI applied the useful-concrete-and-tangible-result test and found that the claims were not directed to a practical application.[66] Finally, the Board applied the PTO's interim guidelines and found the claims unpatentable because the claims did not recite a "tangible result."[67]

Bilski appealed the BPAI's decision to the Federal Circuit, and oral argument before a panel took place on October 1, 2007.[68] Before deciding the case, however, the Federal Circuit, *sua sponte*, ordered *en banc* review. The question before the Federal Circuit was what the term "process" means in § 101. In formulating its new test, the Federal Circuit stated:

> The question before us then is whether Applicants' claim recites a fundamental principle and, if so, whether it would pre-empt substantially all uses of that fundamental principle if allowed. . . .
>
> 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.[69]

In both *Benson* and *Flook*, the Supreme Court noted that other processes besides those that satisfy the machine-or-transformation test may constitute suitable subject matter.[70] Since this note was not made in *Diehr*, however, the Federal Circuit believed that its "reliance on the Supreme Court's machine-or-transformation test as the applicable test for § 101 analyses of process claims is sound."[71]

The Federal Circuit found that both the *Freeman-Walter-Abele* test and the useful-concrete-and-tangible test were inadequate for identifying patentable subject matter.[72] Additionally, the Federal Circuit rejected calls from some *amici* for categorical exclusions of software or business methods.[73]

Since the claims at issue did not involve a machine, the Federal Circuit considered whether the transformation prong was satisfied.[74] The Federal Circuit held that it was not:

> Purported transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances.[75]

The Federal Circuit thus affirmed the BPAI's rejection of the claims.[76]

Judge Newman dissented, arguing that the test was far too limiting and would exclude "many of the kinds of inventions that apply today's electronic and photonic technologies, as well as other processes that handle data and information in novel ways."[77] Judge Rader also dissented, stating simply "[b]ecause this court, however, links patent eligibility to the age of iron and steel at a

time of subatomic particles and terabytes, I must respectfully dissent."[78]

The Supreme Court

Oral arguments took place on November 11, 2009. Sixty-eight *amici* briefs were filed, 26 of which supported neither party. The case was decided on June 28, 2010.

Although the Supreme Court called the machine-or-transformation test a "useful and important clue, an investigative tool," the Supreme Court held that it is not the sole test for determining whether a process constitutes patentable subject matter.

Justice Kennedy wrote for the majority and was joined by Justices Roberts, Thomas, Alito, and Scalia, although Justice Scalia did not join in two parts of the opinion.[79] The majority addressed three arguments for why Bilski's application did not constitute patentable subject matter: (1) it fails the machine-or-transformation test, (2) it involves a method of doing business, and (3) it is an abstract idea.[80]

Although the Supreme Court called the machine-or-transformation test a "useful and important clue, an investigative tool," the Supreme Court held that it is not the sole test for determining whether a process constitutes patentable subject matter.[81] The Court reasoned that: "The Court is unaware of any 'ordinary, contemporary, common meaning,' . . . of the definitional terms 'process, art or method' that would require these terms to be tied to a machine or to transform an article."[82]

Again, following the ordinary meaning of the statute, the Court held that business methods are not excluded *per se* as patentable subject matter.[83] The Court noted that the term "method," which appears in § 100(b)'s definition of process, "may include at least some methods of doing business."[84] In fact, the Court stated that it was unaware of any ordinary meaning of "method" that would exclude business methods.[85] In bolstering its rationale, the Court relied on Congress's enactment of 35 U.S.C. § 273, which provides a prior use defense for "methods," including business methods.[86] Thus, a categorical exclusion of business methods from the realm of patentable subject matter would render § 273 meaningless.[87] The Court stated, however, that § 273 does not suggest "broad patentability" of business methods.[88]

Although the machine-or-transformation test is not the sole test for processes and although business methods may constitute patentable subject matter, the Supreme Court nevertheless found that Bilski's claim was unpatentable because it constituted an abstract idea:

> Petitioners seek to patent both the concept of hedging risk and the application of that concept to energy markets. App. 19-20. Rather than adopting categorical rules that might have wide-ranging and unforeseen impacts, the Court resolves this case narrowly on the basis of this Court's decisions in *Benson*, *Flook*, and *Diehr*, which show that petitioners' claims are not patentable processes because they are attempts to patent abstract ideas. Indeed, all members of the Court agree that the patent application at issue here falls outside of § 101 because it claims an abstract idea.[89]

The Court took the opportunity to discuss its holdings in *Benson*, *Flook*, and *Diehr*. The Court noted that to find the *Benson* invention patentable "would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself."[90] The Court stated that "*Flook* stands for the proposition that the prohibition against patenting abstract ideas 'cannot be circumvented by attempting to limit the use of the formula to a particular technological environment' or adding 'insignificant postsolution activity.'"[91] And the Court cited to *Diehr* for the proposition that "an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection."[92] In fact, the Court referred to *Diehr* as establishing a "limitation on the principles articulated in *Benson* and *Flook*."[93]

In many respects, the Supreme Court hit the Federal Circuit's reset button, and we are now back to 1981.

The Court found Bilski's claim unpatentable because it attempted to claim the basic concept of hedging or protecting against risk.[94] The Court held that "[a]llowing petitioners to patent risk hedging would preempt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea."[95] The dependent claims were also found unpatentable because they merely limited the abstract idea to "one field of use or [added] token postsolution components."[96]

The Court concluded by effectively erasing the Federal Circuit's body of § 101 case law. The Court stated that it did not endorse the Federal Circuit's prior interpretations of § 101.[97] The Court, however, did not "foreclose the Federal Circuit's development of other

limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text."[98]

In a concurring opinion, Justice Stevens, joined by Justices Ginsburg, Breyer, and Sotomayor, agreed that the machine-or-transformation test was not the sole test for determining whether processes constitute patentable subject matter: "as the entire court agrees . . . although the machine-or-transformation test is reliable in most cases, it is not the *exclusive* test."[99] Nevertheless, Justice Stevens would have held that Bilski's application was not patentable because it was a business method:

> In the absence of any clear guidance from Congress, we have only limited textual, historical, and functional clues on which to rely. Those clues all point toward the same conclusion: that petitioners' claim is not a "process" within the meaning of § 101 because methods of doing business are not, in themselves, covered by the statute. In my view, acknowledging as much would be a far more sensible and restrained way to resolve this case.[100]

Justice Breyer, joined by Justice Scalia, also wrote a concurring opinion in which he delineated four points of common ground among all of the Justices. First, although broad, § 101 has limits: "[P]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable" because they would "wholly pre-empt" the public's access to the "basic tools of scientific and technological work."[101] Second, the machine-or-transformation test is the clue to patentability for process claims.[102] Third, the machine-or-transformation test, while useful, is not the sole test.[103] Fourth, "although the machine-or-transformation test is not the only test for patentability, this by no means indicates that anything which produces a 'useful, concrete, and tangible result,' . . . is patentable."[104]

Conclusion

Finally, a patent claim that is untethered to any machine has been scrutinized at all levels, and even though some organizations have been long calling for certain categorical exclusions (*e.g.*, software and business methods), neither the Federal Circuit nor the Supreme Court obliged. The Supreme Court specifically held that business methods may constitute patentable subject matter. Moreover, the Supreme Court rejected the rigid machine-or-transformation test adopted by the Federal Circuit. Instead, the Supreme Court relied on the ordinary meaning of the statute and its prior case law to focus on an abstract idea analysis.

In the world of process claims, we now know that satisfying the machine-or-transformation test is safe ground that should ensure § 101 eligibility. We also know that there is room beyond this test for additional inventions as long as they do not reach the boundary of an abstract idea, which is an attempt at patenting a basic concept that would preempt all uses. Apparently, claims that do not satisfy the machine-or-transformation test but which are sufficiently tied to an application beyond mere insignificant post-solution activity may also pass muster.

The ball is now firmly in the Federal Circuit's court to take the *Bilski* guidance and develop its "abstract idea" case law. In doing so, the Federal Circuit should avoid any rigid test, for such tests would invariably limit a § 101 analysis to what is now known rather than achieving the statutory purpose of embracing the unforeseen.

In many respects, the Supreme Court hit the Federal Circuit's reset button, and we are now back to 1981. We have much for which to be thankful, however. During the long road to *Bilski*, neither the Federal Circuit nor the Supreme Court announced any categorical subject matter exclusions. Also, the Supreme Court rejected the Federal Circuit's rigid test, and now the § 101 focus is on whether a process that does not meet the machine-or-transformation test would constitute an abstract idea. Although we may be back to 1981, it is not a bad place to be.

Notes

1. Bilski v. Kappos, 561 U.S.—, No. 08-964, slip op. (June 28, 2010), *http://www.supremecourt.gov/opinions/09pdf/08-964.pdf.*
2. State St. Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1373-1375 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1093 (1999).
3. 2009 Report on Patent Counts By Class By Year, produced by the US Patent and Trademark Office Electronic Information Products Division Patent Technology Monitoring Team, *http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cbcby.htm#Desc* (last visited July 13, 2010) (showing that from 1999 to 2009, the PTO granted over 9,000 patents in Class 705, which encompasses business methods).
4. Michael L. Kiklis, "The Demise of the Mathematical Algorithm Rejection and the Emergence of the Utility-Based Section 101 Inquiry," *The Computer Lawyer*, Vol. 16, No. 8, Aug. 1999, at 29.
5. In re Comiskey, 499 F.3d 1365 (Fed. Cir. 2007), *revised and superseded,* 554 F.3d 967 (Fed. Cir. 2009).
6. In re Bilski, 545 F.3d 943 (Fed. Cir. 2008).
7. *Id.* at 958-961.
8. *Id.* at 961.
9. Bilski v. Doll, 129 S. Ct. 2735 (2009).

10. U.S. Const. art. I, § 8, cl. 8.
11. *See* Graham v. John Deere Co. of Kansas City, 383 U.S. 1, 5 (1966).
12. Gottschalk v. Benson, 409 U.S. 63, 67-68 (1972) ("We dealt there with a 'product' claim, while the present case deals with a 'process' claim. But we think the same principle applies."); AT&T Corp. v. Excel Commc'ns, Inc., 172 F.3d 1352, 1357-1358 (Fed. Cir. 1999) ("Whether stated implicitly or explicitly, we consider the scope of § 101 to be the same regardless of the form—machine or process—in which a particular claim is drafted."); *see also*, Bilski v. Kappos, 561 U.S.—, slip op. at 9 (Stevens, J., concurring in judgment) ("But we have never in the past suggested that the inquiry varies by subject matter.").
13. Diamond v. Chakrabarty, 447 U.S. 303, 315 (1980) (citing Marbury v. Madison, 5 U.S. (1 Cranch) 137, 177 (1803)).
14. *Id*. at 308-309 (citing 5 Writings of Thomas Jefferson 75-76 (Washington ed. 1871)).
15. *Id*. at 308 (citing Act of Feb. 21, 1793, § 1, 1 Stat. 319).
16. *Id*. at 309.
17. *Chakrabarty*, 447 U.S. at 309 (citing S. Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952); H.R. Rep. No.1923, 82d Cong., 2d Sess., 6 (1952)). In his concurring opinion in *Bilski*, Justice Stevens questions this statement from *Chakrabarty*. *See* Bilski v. Kappos, 561 U.S.—, slip op. at 31-33 (Stevens, J., concurring in judgment).
18. Diamond v. Diehr, 450 U.S. 175, 182-184 (1981).
19. 35 U.S.C. § 100(b) (2006).
20. 35 U.S.C. § 101 (2006) (emphasis added).
21. J.E.M. AG Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc., 534 U.S. 124, 131 (2001).
22. *Id*. at 135.
23. *Diehr*, 450 U.S. at 185.
24. *Benson*, 409 U.S. at 67.
25. *Id*.
26. *Id*. at 68.
27. *Id*. at 71.
28. *Benson*, 409 U.S. at 73.
29. *Id*. at 71.
30. Parker v. Flook, 437 U.S. 584, 585 (1978).
31. *Id*. at 594.
32. *Flook*, 437 U.S. at 589 n.9.
33. *Diehr*, 450 U.S. at 177.
34. *Id*. at 188-189 ("The 'novelty' of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.").
35. *Id*. at 188.
36. *Id*. at 191.
37. *Diehr*, 450 U.S. at 192.
38. *Id*. at 185.
39. This reference to the Federal Circuit is meant to include its predecessor court, the Court of Customs and Patent Appeals.
40. In re Iwahashi, 888 F.2d 1370, 1374 (Fed. Cir. 1989) (citing *In re Freeman*, 573 F.2d 1237, 1245 (C.C.P.A. 1978)).
41. In re Abele, 684 F.2d 902, 907 (C.C.P.A. 1982) (citing *In re Walter*, 618 F.2d 758 (C.C.P.A. 1980)).
42. *Id*.
43. In re Alappat, 33 F.3d 1526, 1544 (Fed. Cir. 1994).
44. *State Street*, 149 F.3d 1368, 1373 n.4 (Fed. Cir. 1998).
45. *Id*. at 1373.
46. *Id*.
47. *Id*. at 1375.
48. In re Comiskey, 499 F.3d 1365 (Fed. Cir. 2007), *revised and superseded,* 554 F.3d 967 (Fed. Cir. 2009). The Federal Circuit revised its original *Comiskey* decision to "remand to the PTO to consider the § 101 question in the first instance." *Comiskey*, 554 F.3d at 970.
49. *Comiskey*, 499 F.3d at 1379.
50. *Id*. at 1376.
51. *Id*.
52. *Id*.
53. *Comiskey*, 499 F.3d at 1378-1379.
54. *Id*. at 1379.
55. *Id*. at 1379-1381.
56. *Id*. at 1371.
57. *Comiskey*, 499 F.3d at 1371.
58. *Bilski*, 545 F.3d at 949.
59. *Id*.
60. Ex parte Bilski, Appeal No. 2002-2257 at 6 (B.P.A.I. Sept. 26, 2006), *http://www.uspto.gov/ip/boards/bpai/decisions/inform/fd022257.pdf*, hereinafter Board opinion.
61. Board opinion at 3.
62. *Id*. at 5.
63. *Id*. at 42-53; *see also* Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility (Interim Guidelines), 1300 Off. Gaz. Patent & Trademark Office (O.G.) 142 (Nov. 22, 2005), available at *http://www.uspto.gov/web/offices/com/sol/og/2005/week47/patgupa.htm* (last visited July 19, 2010).
64. Board opinion at 42-46.
65. *Id*. at 46.
66. *Id*. at 49-50.
67. *Id*. at 52.
68. *Bilski*, 545 F.3d at 949.
69. *Id*. at 954 (citations omitted).
70. *Benson*, 409 U.S. at 71; *Flook*, 437 U.S. at 589 n.9.
71. *Bilski*, 545 F.3d at 956.

72. *Id*. at 959-60.
73. *Id*. at 960 nn.22-23.
74. *Id*. at 963.
75. *Bilski*, 545 F.3d at 963.
76. *Id*. at 966.
77. *Id*. at 976 (Newman, J., dissenting).
78. *Id*. at 1011 (Rader, J., dissenting).
79. Bilski v. Kappos, 561 U.S.—, slip op. at 1.
80. *Id*.
81. *Id*. at 8.
82. *Id*. at 7.
83. Bilski v. Kappos, 561 U.S.—, slip op. at 10.
84. *Id*.
85. *Id*.
86. *Id*. at 11.
87. Bilski v. Kappos, 561 U.S.—, slip op. at 11.
88. *Id*.
89. *Id*. at 13.
90. *Id*. (citing *Benson*, 409 U.S. at 72).
91. Bilski v. Kappos, 561 U.S.—, slip op. at 14 (citing *Diehr*, 450 U.S. at 191-192).
92. *Id*. (citing *Diehr*, 450 U.S. at 187) (emphasis in original).
93. Id.
94. *Id*. at 15.
95. *Bilski v. Kappos*, 561 U.S.—, slip op. at 15.
96. *Id*.
97. *Id*. at 16 ("And nothing in today's opinion should be read as endorsing interpretations of § 101 that the Court of Appeals for the Federal Circuit has used in the past.").
98. *Id*.
99. Bilski v. Kappos, 561 U.S.—, slip op. at 1 (Stevens, J., concurring in judgment) (emphasis in original).
100. *Id*. at 47 (Stevens, J., concurring in judgment).
101. *Id*. at 2 (Breyer, J., concurring in judgment) (citations omitted).
102. *Id*. (Breyer, J., concurring in judgment).
103. Bilski v. Kappos, 561 U.S.—, slip op. at 3 (Breyer, J., concurring in judgment).
104. *Id*. (Breyer, J., concurring in judgment).

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