

## Decision in *Bilski v. Kappos*, 561 U.S. \_\_\_\_ (2010) at the Supreme Court

### 1. Majority Opinion (Kennedy, Scalia, Roberts, Thomas, Alito)

- (a) Only three recognized exceptions to patentable "process" under 35 U.S.C. § 101:
  - (i) Laws of Nature
  - (ii) Physical phenomena
  - (iii) Abstract ideas
- (b) The machine or transformation test is not the sole test for deciding whether an invention is a patent-eligible "process"
  - (i) It is a useful and import clue, an investigative tool, for determining whether some claimed inventions are processes under § 101
- (c) Dictionary definition of "method" does not exclude business methods
- (d) 35 U.S.C § 273, creates a prior user defense to a claim of infringement of a specific "method" as a business method
  - (i) Excluding business methods from patentability would render § 273 meaningless.
- (e) The Court decided the *Bilski* case narrowly on the basis of the Court's decisions in *Benson*, *Flook*, and *Diehr*.
  - (i) *Benson* – mathematical algorithm was not a process but an abstract idea
  - (ii) *Flook* – limiting a formula to a particular field or adding insignificant post-solution activity cannot convert an abstract idea into a patentable process.
  - (iii) *Diehr* – application of a law of nature or mathematical formula to a known structure or process may provide patentable subject matter.
- (f) *Bilski's* claim encompassed the concept of hedging reduced to a mathematical formula – an abstract idea like *Benson* and *Flook*.
  - (i) The subordinate claims attempt to limit the abstract idea to one field of use or add token post-solution components, which would violate *Flook* – all claims are not patentable subject matter under § 101.
- (g) Majority (and all Justices) repudiate the *State Street Bank* test of useful, concrete and tangible results.

2. Concurring Opinion (Stevens, Ginsburg, Breyer and Sotomayor)

- (a) Business methods are not patentable
- (b) The majority gives no clear definition of "abstract" idea.
- (c) Historical precedent is focused on machine or transformation – *Cochrane v. Deemer*

(d) 35 U.S.C. § 273 does not mean that business methods must be included in § 101 – was enacted as a defense to *State Street Bank*, not to expand the scope of § 101.

- (e) Repudiates *State Street Bank* test of useful, concrete and tangible results.

3. Concurring Opinion (Breyer and Scalia)

- (a) Machine or transformation test is helpful
- (b) Rejects *State Street Bank* test