

Supreme Court Hears Much Anticipated *Bilski* Case

By Matt Walters

The United States Supreme Court heard oral argument in *Bilski v. Kappos* on November 9, 2009. As you may recall from our previous discussions, this closely-watched case will decide whether business methods are patentable. The following is a brief review of the arguments presented and reactions by the Justices.

During oral argument, Bilski sought reversal of the Federal Circuit's rigid and narrow machine or transformation test, which requires method claims to be tied to a particular machine or transform a physical article into a different state or thing. In support of his argument, Bilski argued that the patent statute and the Supreme Court's prior case law provide no basis for the Federal Circuit's strict test. Bilski also argued that Congress implicitly endorsed business method patents by passing laws that provide prior user rights for business methods and exempting certain medical diagnostic methods from infringement.

In the face of difficult questions from several of the Justices, Bilski maintained that patent-eligible subject matter should be broadly construed and that other mechanisms in patent law will prevent the issuance of bad patents. For instance, Bilski repeatedly distinguished patent-eligibility from other requirements of patentability, such as novelty and non-obviousness. In so doing, Bilski contended that the novelty and non-obviousness requirements sufficiently guard the public from bogus patents and that limiting patent-eligible subject matter to exclude business methods is incongruous with the incentives forming the foundation of the patent system.

On the other hand, the Government's attorney representing the PTO vigorously disputed the view that the Federal Circuit's machine or transformation test is rigid or inflexible because a method can be patentable merely by linking it to some machine or some transformation of matter. In fact, the PTO argued that a "sweeping holding" by the Supreme Court that business methods aren't patentable would be inconsistent with current practice, including the ability to patent software as recognized in *State Street*.

Although it does not appear that the PTO wants to rock the boat of established practice with respect to software patents, Chief Justice Roberts appeared concerned with the PTO's contention that Bilski's claimed method is ineligible for patent protection, but may be eligible if the process were claimed to use a computer to identify parties to the transaction or calculate price. In short, the Chief Justice found it difficult to believe the tangential use of a computer could render otherwise ineligible subject matter patentable.

With the case submitted, inventors, businessmen, and patent-practitioners alike all await the Supreme Court's decision. Will business methods be patentable? If so, will the machine or transformation test apply? In a matter of months, the Supreme Court will end the hand-wringing and lay the issue to rest.

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