

Protecting food industry innovations as the scope of patentable subject matter narrows

by David G. Barker

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Strong intellectual property increases the value of a company. Copyrights, trademarks, patents, and trade secrets are some avenues to protect intellectual property, but understanding when they're available and understanding their costs and benefits can be complicated. Over the last few years, the Supreme Court has narrowed the scope of "patentable subject matter"—the types of inventions that initially qualify for patent protection. The narrowed scope affects a wide range of patents, including those in the food industry. As the scope narrows, other types of protection, like trade secrets, can become more attractive.

Patentable subject matter narrows

In the US, any "new and useful process, machine, manufacture, or composition of matter" is eligible for patent protection under 35 USC § 101. Other laws and regulations determine whether an invention actually can be patented, but § 101 is the gatekeeper. On its face, § 101 seems broad, but long ago the Supreme Court read exceptions into the statute: "laws of nature, natural phenomena or abstract ideas" are not eligible.

Using these exceptions, the Supreme Court has decided four patentable subject matter cases in the last five years, invalidating all the patents at issue. *Bilski v. Kappos* (2010) invalidated a method for hedging investment losses. *Mayo Collaborative Services v. Prometheus Laboratories* (2012) invalidated a method for increasing or decreasing a drug dosage administered to a patient. *Association for Molecular Pathology v. Myriad Genetics* (2013) invalidated claims for isolated DNA sequences. Most recently, *Alice Corporation v. CLS Bank* (2014) a method for exchanging financial obligations between parties through a computer as a third-party intermediary.

Before those cases, the Supreme Court decided only eight other patentable subject matter cases: four between 1853 and 1948, and four between 1972 and 1980. Some upheld the patents at issue, and some invalidated them.

Alice confirmed the two-step test under § 101 from *Mayo* and *Prometheus*. First, is the claim directed to one of the exceptions to patentable subject matter? Second, does the claim involve an "inventive concept"—does it have "an element or combination of elements that is sufficient to ensure that the patent in practice

amounts to significantly more than a patent upon the ineligible concept itself?"

Last December, in response to *Alice*, *Mayo*, and *Prometheus*, the United States Patent and Trademark Office issued "Interim Guidance on Patent Subject Matter Eligibility" and requested public comments (which are due March 16, 2015). The Interim Guidance requires all types of patent claims to pass through *Alice*'s two-step test. The reach of the Supreme Court's exceptions goes beyond business method patents.

The Interim Guidance gives an example relevant to the food industry, with a hypothetical claim for "a probiotic composition comprising a mixture of *Lactobacillus* and milk in a container." If the composition does not have "markedly different characteristics" from its naturally occurring components, it is a product of nature and not eligible for patent protection. The Supreme Court reached a similar decision in *Diamond v. Chakrabarty* (1980). Chakrabarty invented a bacterium that ate crude oil, which had "significant value for the treatment of oil spills." The bacterium was patentable because it had "markedly different characteristics" from any bacterium found in nature.

In a recent case relevant to the food industry, *Dietgoal Innovations v. Bravo Media* (Southern District of New York, 2014), the court invalidated a meal-planning patent. The patent claimed a system with a user interface, a database of food that can be organized into meals, and a menu system that displays meals from which a user can choose to meet eating goals, such as calorie intake. The court found it relevant that a person could perform the steps without the need of any technology, and that parents typically perform the steps in planning meals for their children.

Is trade secret protection a viable alternative?

Patents grant the inventor a right to exclude others from practicing the invention for a period of time, but the inventor must describe the invention in a public document so others know how to practice it. For a trade secret, as long as the inventor keeps it secret (unless it is stolen), no one else is going to know how to practice the invention. Had Coca-Cola applied for a patent on its formula, we would have all known it many years ago.

Unitherm Food Systems v. Hormel Foods (District of Minnesota, 2015) highlights the interaction between patents and trade secrets. The court dismissed a claim by Unitherm that Hormel stole trade secrets for precooking sliced bacon. Unitherm and Hormel were working on the process together, but the relationship fell apart and Hormel developed its own process. Then Unitherm filed a patent application for the process. The court held Unitherm had no trade secret in the process because Unitherm disclosed the process to the public in the patent application.

Trade secrets are governed by state law, with many states following the Uniform Trade Secrets Act, but with a disparate application from state-to-state. Federal bills have been proposed: the Defend Trade Secrets Act of 2014 (S. 2267) and the Trade Secrets Protection Act of 2014 (H.R. 5233), for example. A federal trade secret law would move toward uniformity, reduce uncertainty, and increase the value of trade secrets.

In Arizona, keeping inventions confidential possibly has added benefits following the Arizona Supreme Court's decision in *Orca Communications Unlimited v. Noder* (2014). If confidential business information does not rise to the high level of a statutory trade secret, there is no remedy under Arizona's version of the Uniform Trade Secrets Act. But the Arizona Supreme Court held AUTSA does not preempt common law tort claims for misappropriation of such confidential information. So business owners who keep their inventions confidential might have two avenues to remedy misappropriation.

Not everything is a good candidate for trade secret protection. If someone can reverse engineer the invention by purchasing it, it won't be secret for long, so a patent might be the right choice. But if a company can sell its invention without empowering competitors, it might consider Coca-Cola's experience.



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