Bilski's Lesson: Avoid Abstraction

By Robert Ambrogi

Having finally issued its much-anticipated patent ruling in *Bilski v. Kappos*, the Supreme Court ended its term with a whimper, not a bang – at least as far as patent lawyers are concerned. But even though the opinion left several hot-button issues unresolved, it nonetheless provided a key lesson for lawyers and experts in patent cases: Whatever you do, avoid abstraction.

In an opinion written by Justice Anthony M. Kennedy, the court ruled that a formula by which traders of energy commodities could hedge against the risk of price changes was not eligible to receive a patent. Although the ruling affirmed the Federal Circuit Court of Appeals, the Supreme Court explicitly rejected the circuit court's so-called "machine-or-transformation test" as the sole test for analyzing the patentability of a process under §101 of the Patent Act.

"[T]he machine-or-transformation test is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under §101," the court said. "The machine-or-transformation test is not the sole test for deciding whether an invention is a patent-eligible 'process.'"

The court also rejected arguments that the Patent Act categorically excludes patents for business methods. "The Court is unaware of any argument that the 'ordinary, contemporary, common meaning' … of 'method' excludes business methods," Justice Kennedy wrote.

But while the court declined to reject business-method patents categorically, it acknowledged that "some business method patents raise special problems in terms of vagueness and suspect validity." It is essential, said the court, to set "a high enough bar" to keep business methods from flooding the patent office and chilling invention.

That bar, the court went on to decide, can be found in its prior cases addressing the unpatentability of abstract ideas. Seizing on that concept, the court expressly declined to adopt a broad rule and instead held that the specific claims in this case "are not patentable processes because they are attempts to patent abstract ideas."

"The concept of hedging … is an unpatentable abstract idea," Justice Kennedy wrote. "Allowing petitioners to patent risk hedging would preempt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea."

Again emphasizing the narrowness of its ruling, the majority opinion ends with this admonition: "The patent application here can be rejected under our precedents on the unpatentability of abstract ideas. The Court, therefore, need not define further what

constitutes a patentable 'process,' beyond point to the definition of that term provided in [the act]."

Separate Concurring Opinions

Even though the opinion expressly sought to avoid setting categorical rules, a concurring opinion written by Justice John Paul Stevens criticized it for doing just that. Joined by Justices Ruth Bader Ginsburg, Stephen G. Breyer and Sonia Sotomayor, Justice Stevens said the case should have been decided on the simple ground that "a claim that merely describes a method of doing business does not qualify as a 'process' under §101."

"The Court is quite wrong, in my view, to suggest that any series of steps that is not itself an abstract idea or law of nature may constitute a 'process' within the meaning of §101," Justice Stevens said. "The language in the Court's opinion to this effect can only cause mischief."

And Justice Breyer, joined by Justice Antonin Scalia, filed a separate concurring opinion for the express purpose of highlighting "the substantial *agreement* among many Members of the Court on many of the fundamental issues of patent law raised by this case."

One point of unanimous agreement, Justice Breyer says, is that the claims at issue in the case "are unpatentable abstract ideas." He goes on to say that four other points are consistent with both the majority opinion and Justice Stevens' concurrence:

> 1. Although the text of §101 is broad, it is not without limit. One clear limit is that natural phenomena, mental processes and abstract intellectual concepts are not eligible for patents.
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> 2. The "machine-or-transformation test" is a significant clue for determining patentability.
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> 3. While the machine-or-transformation test is a significant clue, it has never been seen as the sole test of patentability.
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> 4. Even given the usefulness of that test, not everything that produces a "useful, concrete and tangible result" is patentable.

"In sum," Justice Breyer concludes, "it is my view that, in reemphasizing that the 'machine-or-transformation' test is not necessarily the sole test of patentability, the Court intends neither to deemphasize the test's usefulness nor to suggest that many patentable processes lie beyond its reach."

Lessons for Experts

If the majority and concurring opinions reveal anything conclusive, it is that the waters of patent law remain murky as ever. That said, the one clear lesson of *Bilski* is that a business method that is *too* abstract will not be given a patent.

Going forward, the burden on patent prosecutors, patent litigators and expert witnesses will be to address that issue squarely. Those advocating in favor of the patent will have to do whatever they can to give the application firm and tangible grounding. Those opposing it will have to send it soaring into the intellectual stratosphere.

This much is certain: *Bilski* opens the floodgates to new torrents of litigation over how abstract is too abstract. For all those who hoped the Supreme Court would use this case to offer clarity, well, there's always next time.

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