

June 29, 2010

The Supreme Court Rules on *Bilski*: Business Method Patents Survive

On June 28, 2010, the United States Supreme Court announced its decision on *Bilski v. Kappos* regarding what inventions are eligible for patent protection. The decision affirms that business methods are patentable, although the specific business methods at the center of the case are not. While stating that no single test governs the issue, the Court approved of the use of the “machine-or-transformation test” that the Federal Circuit had distilled from earlier Supreme Court cases. Under the machine-or-transformation test, a process is patentable if it (1) is tied to a particular machine or apparatus or (2) transforms a particular article into a different state or thing.

In the case, Bernard Bilski had sought a patent covering a series of steps for mitigating a company's exposure to fluctuations in the price of a commodity. The Court held that the claims were unpatentable because they were directed to the abstract idea of hedging risks. Thus, the Court did not itself expressly apply the machine-or-transformation test, but did approve of it as an investigative tool. The Court did not outline any currently acceptable alternatives to the machine-or-transformation test, although the decision suggests that additional tests will be developed in the future.

The machine-or-transformation test is likely to remain an important consideration for inventors seeking to protect new methods and processes. But in many cases the test can be overcome by drafting claims appropriately. For inventions relating to business or software, a claim should pass the machine-or-transformation if it recites one or more steps performed by a machine, such as a computer processor.

The lower courts are likely to develop additional tests for patent eligibility, so this possibility should also be kept in mind. Especially with regard to business methods, the Court seemed to invite the development of new tests to separate patentable advances from unpatentable abstract ideas. As a guidepost in making these tests, the Court indicated that any future tests should further the goals of the patent system to promote the progress of science and useful arts.

As a practical tip for patent applicants, it may be advantageous to file additional sets of claims that recite multiple aspects of the software, circuitry, processors, or other machines that relate to a process invention. In this way, the claimed process is more entwined with structural language that is likely to survive the scrutiny of any new judicially-created business method tests.

For more information on the Patent practice group and its members, you may visit the [Patent Prosecution](#) page of the Haynes and Boone, LLP Web site. If you have any questions, please contact:

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