WORKABLE SOLUTIONS TO THE CHALLENGES OF PATENTING AN INNOVATIVE PROCESS

Jamie Hopkins* & John A. Pearce II**
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I. INTRODUCTION

Over the past fifteen years, business method patents have been a focal point of judicial opinions, law reviews, and legislative reform, culminating in the Supreme Court’s decision in *Bilski v. Kappos*¹ and the passage of the 2011 America Invents Act.² The so-called “rise” or “proliferation” of business method patents was kick-started in 1998 by *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*³, which set forth “the useful, concrete, and tangible results” test for determining the patentability of a business method.⁴ However, the courts have continued to rework the tests for determining the patentability of business methods and the focus of patentability has shifted away from the United States Patent Act’s (“Patent Act”) language and towards the judicially created machine or transformation (MOT) test.⁵ The applicability of these judicially created tests have been played out through a variety of high-profile lawsuits, such as *Netflix v. Blockbuster*,⁶ and patent filings from large financial and technology institutions such as J.P. Morgan, Lincoln Financial, and

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¹ *130 S. Ct. 3218 (2010).*
² See id. at 3229 (discussing the patentability of a business method); see also 35 U.S.C. §§ 101-105, 111-112 (2014) (setting forth the requirements for a utility or process patent).
³ 149 F.3d 1368 (Fed. Cir. 1998), abrogated by *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008).
⁴ See id. at 1373 (providing examples of business methods that produce “a useful, concrete, or tangible result” and are therefore patentable).
⁵ See infra Part III.C (discussing the machine or transformation test).
⁶ 477 F. Supp. 2d 1063 (N.D. Cal. 2007).
VISA. Additionally, the Bilski v. Kappos decision created significant confusion as to how the United States Trademark and Patent Office and courts should review the patentability of a business method patent.  

This article explores the history of the Patent Act, examining what role, if any, the judicially created MOT test should play concerning the patentability of business methods. Additionally, it delves into the current landscape of high profile companies seeking business method patents and what benefit these business method patents may provide. Ultimately, two workable solutions to the current problems facing business method patentability after Bilski v. Kappos are presented in an effort to reinforce the natural language of the Patent Act, ensure the patentability of legal business method patents, and safeguard company directives to invest in new and innovative business methods.

II. PATENT LAW IN THE UNITED STATES

A. Questions Concerning Business Method Patents

The Patent Act, 35 U.S.C. §§ 101 et. seq., focuses patentability of a process invention on the novelty and utility of specific characteristics of the claimed invention, and not on any particular subject matter category. While the term “business method” is not specifically defined by the language of 35 U.S.C. § 101, the Patent Act does not im-

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8 See Bilski, 130 S. Ct. at 3229 (providing an unclear test for patentability of business methods).
9 See infra Part II-III (providing a history of the Patent Act and discussing the MOT test).
10 See infra Part V (assessing the impact of the Leahy-Smith America Invents Act).
11 See infra Part VI (analyzing how patent claims should be judged in the future).
12 See AT&T Corp. v. Excel Commc’ns, 172 F.3d 1352, 1355 (Fed. Cir. 1999) abrogated by In re Bilski, 545 F.3d 943 (Fed. Cir. 2008) (discussing the U.S. Patent Act’s focus on new and useful inventions and not specific subject matter, except as an exception to patentability, as the primary manner of determining the invention’s patentability).
ply or explicitly state that business processes should be generally included or excluded from patentability.\textsuperscript{13} The statute instead embodies broad subject matter patentability policies demonstrated throughout U.S. patent law history.\textsuperscript{14} As currently enacted, the Patent Act extends patent eligibility to "any process . . . not 'some' or even 'most,' but all" processes that are not "a law of nature, natural phenomena, or abstract idea."\textsuperscript{15} Furthermore, “process” has been broadly defined by the courts as “a series of acts.”\textsuperscript{16} As such, both case law and the AIA acknowledge the patentability of business methods.\textsuperscript{17}

Yet, the courts have failed to resolve the central question at the crux of the process patent debate, namely, whether business method patent claims should be treated like all other process claims.\textsuperscript{18} Alternatively, should business method patent claims continue to be judicially directed into a non-statutorily defined subject matter exception to general patentability?\textsuperscript{19}

\textsuperscript{13} See Patent Act of 1952, 35 U.S.C. §§ 1-376 (2014) (asserting that anyone who invents or discovers a new and useful process, machine, manufacture, or composition of matter may obtain a patent as long as the conditions under 35 U.S.C. § 101 are met); see also 35 U.S.C. § 101 (2014) (stating new and useful processes may be patentable); 35 U.S.C. § 100(b) (defining process as "process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.").


\textsuperscript{16} See NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1319 (Fed. Cir. 2005) (quoting Minton v. Nat'l Ass'n of Sec. Dealers, 336 F.3d 1373, 1378 (Fed. Cir. 2003)) (defining the term "process").

\textsuperscript{17} See id. (describing the process of determining a method’s patentability).

\textsuperscript{18} See In re Bernard L. Bilski, 545 F.3d 943, 960 (Fed. Cir. 2008) ) aff’d but criti-
cized sub nom. Bilski v. Kappos, 561 U.S. 593 (2010) (rejecting State St. 149 F.3dat1375-76, and specifically noting the “business method exception was unlawful and that business method claims… are subject to the same legal requirements for patentability as applied to any other process or method.”), aff’d, Bilski v. Kappos, 130 S. Ct. 3218 (2010).

\textsuperscript{19} See Bilski, 130 S. Ct. at 3225 (indicating three specific exceptions to patent-
eligibility principles: laws of nature, physical phenomena and abstract ideas).
In addition to recognizing the general patentability of business processes, other problematic issues remain. Most critically, “Should the Courts moderate the application of the Machine or Transformation Test ("MOT") that, despite the Supreme Court's ruling in *Bilski v. Kappos*, is consistently controlling and so restrictive as to preclude business method patent claims that are submitted under the Patent Act?” Instead of relying solely on the MOT test, “Should courts adopt a broader and more patent friendly approach to determining the patent eligibility of a business process patent claim?”

**B. History of Patent Law**

The United States has long been regarded as a leader in global patents and has consistently demonstrated pro-patent policies. A Japanese official visiting Washington, D.C. at the turn of the 20th century to study the United States stated, “[w]e asked ourselves ‘What is it that makes the United States such a great nation?’ and we investigated and found that it was patents.” The first known process patent was granted to Samuel Winslow in 1641 by the Massachusetts State

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21 See id. at 177 (explaining the machine-or-transformation” test). “Under the MOT test, a process is patent eligible only ‘if 1) it is tied to a particular machine or apparatus, or 2) it transforms a particular article into a different state or thing.” Id.

22 See id. at 177-78 (noting the *Bilski* court’s decision to address patent eligibility of software business methods).


Court for a new method of making salt.\(^{25}\) The U.S. Constitution, adopted in 1789, contained this pro-patent spirit.\(^{26}\) The Constitution granted Congress the power "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."\(^{27}\)

To "promote the progress of science and useful arts," Congress was granted the power to legislate in the area of intellectual property.\(^{28}\) In exercising control over intellectual property rights, Congress enacted patent laws to promote intellectual progress by "offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development."\(^{29}\) Congress believed that these laws would have a positive effect on society through the creation and introduction of new products, technology, inventions, and processes into the U.S. business market that stimulate the economy.\(^{30}\)

In 1790, the first U.S. Congress, in its second session, passed the first U.S. Patent Act to promote the progress of useful arts.\(^{31}\) In 1793, the Patent Act was modified by Secretary of State Thomas Jef-

\(^{25}\) See Banner, supra note 24, at 634 (recounting that in 1641 the General Court of the Massachusetts Bay Colony granted the first patent in North America to Samuel Winslow for a method of making salt).

\(^{26}\) See Banner, supra note 24, at 638 (noting Article I, Section 8, Clause 8 of the U.S. Constitution instructs Congress how to promote the useful arts through a patent system).

\(^{27}\) U.S. CONST. art. I, § 8, cl. 8 (2014).

\(^{28}\) See Kewanee Oil. Co. v. Bicron Corp., 416 U.S. 470, 480 (1974) (stating the "objective of the Constitution in granting the power to Congress to legislate in the area of intellectual property is to 'promote the Progress of Science and useful Arts'").

\(^{29}\) See id. (voicing that Congress enacted patent laws in order to incentivize inventors to create in new inventions).

\(^{30}\) See id. (noting the effects that new patented products will have on the economy). "The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens." See id.

ferson to include the definition of a patent. A patent was defined as "any new and useful art, machine, manufacture or composition of matter and any new and useful improvement on any art, machine, manufacture or composition of matter." The U.S. Patent Act of 1793 embodied Jefferson's belief that "ingenuity should receive a liberal encouragement." The broad language of the 1793 Patent Act remained intact in subsequent patent statutes and, over 200 years later, the U.S. Patent Act still contains the original definition of a patentable invention.

The first business process patent was granted in the United States in 1777. Despite this event, and the fact that business process patents were not statutorily banned, there was a general belief they were not patentable. While business method patents were granted be-

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32 See Pat. Act of 1793, ch. 11, 1 Stat. 318-323 (providing the definition of a patent).
33 See id.
35 See id. at 309 (stating "[s]ubsequent patent statutes in 1836, 1870, and 1874 employed this same broad language" and left Jefferson's language mostly intact).
36 See 35 USC § 101 (defining patentable inventions as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof"); see also Chakrabarty, 447 U.S. at 309 (stating the original broad language of the U.S. Patent Act has remained generally unchanged in subsequent revisions); Robert Greene Sterne & Lawrence B. Bugaisky, The Expansion of Statutory Subject Matter Under the 1952 Patent Act, 37 AKRON L. REV. 217, 217-18 (2004) (stating that the term "art" was replaced by "process" in the 1952 Pat. Act because "art" was recognized as synonymous by the courts with "process").
37 See In re Bilski, 545 F.3d at 989-90 (Newman, J., dissenting) (explaining that the concurring opinion by Circuit Judge Dyk, which cites only one business method patent granted between 1612 and 1973, omits several patents which involve financial subject matter that could be performed without the aid of a computer or any other machine).
38 See Joshua I. Miller, Unknown Futures and the Known Past: What Can Patent Learn from Copyright in the New Technological Age?, 21 ALB. L.J. SCI. & TECH. 1, 38 (2011) (noting that most lawyers were under the impression that business methods were not patentable until after 1998); see also Rinaldo Del Gallo, III, Are "Methods of Doing Business" Finally Out of Business as a Statutory Rejection?, 38 IDEA 403, 405-06 (1998) (asserting that many lawyers improperly assumed business methods were not patentable as ineligible subject matter).
between 1777 and 1973, successful business method patent claims were quite infrequent until 1998.  

III. STATUTORY REQUIREMENTS FOR A PATENT

The current Patent Act was passed by Congress in 1952, and states that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title [35 USCS §§ 1 et seq.]." The Patent Act’s language has stayed consistently intact, remaining very broad. However, the word 'process' was added to the Patent Law Act of 1952 to replace the original word 'art'.

Both the definition of process and of the subject matter deemed to be patentable under the Patent Law Act of 1952 are extremely broad. Process, as defined by 35 U.S.C. § 100, is any "art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material." The expansive terms used to describe

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41 35 U.S.C. § 101

42 See Sterne & Bugaisky, supra note 36, at 218 (discussing the lack of substantial change to the Patent Act since its inception).

43 See Sterne & Bugaisky, supra note 36, at 217-18 (noting the term "art" was replaced by "process" to reduce redundancy and confusion between the two definitions).

a process of "art," "method," and "manufacture," indicate Congressional intent to keep the statutory subject matter of patentable inventions extremely broad.\textsuperscript{45} Furthermore, the inclusion of the indefinite pronoun "any" shows that "Congress plainly contemplated that the patent laws would be given wide scope."\textsuperscript{46}

In addition to the plain wording of the Patent Law Act of 1952, its legislative history indicates that Congress intended the Patent Law Act of 1952 to be construed broadly.\textsuperscript{47} The Patent Law Act of 1952's Committee Reports indicate that Congress intended the statutory subject matter to "include anything under the sun that is made by man."\textsuperscript{48} While this language was used in reference to the "machine" and "manufacturing" categories, there is nothing in the statute or legislative history to suggest that only these two of the sections of § 101 were to be broadly construed.\textsuperscript{49}

Courts have also found that Congress intended the language of § 101 to be broadly construed. It is up to Congress to determine the subject matter provisions of patentability and it is the courts that must determine what the law is by construing the language provided by

\textsuperscript{45} \textit{See Chakrabarty}, 447 U.S. at 316 (asserting that Congress purposefully passed broad statutory language in 35 U.S.C. § 101 in order to protect unforeseeable and unanticipated inventions).

\textsuperscript{46} \textit{See id.} at 308 (stating Congress purposefully intended the Patent Act to be construed broadly).

\textsuperscript{47} \textit{See id.} (arguing that the Legislative history of the Patent Law Act indicates Congressional intent for a broad interpretation of the Patent Law Act).

\textsuperscript{48} \textit{Id.} at 309 (quoting S. REP. NO. 82-1979, at 5 (1952); H. R. REP. NO. 82-1923, at 6 (1952)) (stating that the Congressional reports quoted by this Court in \textit{Chakrabarty} applied the phrase "anything under the sun" to only the "machine" and "manufacture" categories set forth in § 101 but that nothing in this Court's decisions, the Patent law statutes, or the Congressional record indicate that only two of the categories of § 101 were meant be broadly interoperate while the other sections are not); \textit{see also} Diamond v. Diehr, 450 U.S. 175, 182 (1981) (reviewing the Committee Reports accompanying the Patent Law Act of 1952 to determine the meaning of the term "process").

\textsuperscript{49} \textit{See Reply Brief of Petitioner-Appellant} at 7, Bilski v. Kappos, \textit{561 U.S. 593 (2010)} (No. 08-964) (stating that the Patent Law Act was enacted with the intent to allow for broadly construed patentable subject matter); \textit{see also} J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc., 534 U.S. 124, 130 (2001) ("As this Court recognized over 20 years ago in \textit{Chakrabarty}, the language of § 101 is extremely broad." (citation omitted)).
Congress. In *J.E.M. Ag Supply v. Pioneer Hi-Bred Int'l*, the Supreme Court noted that the language of § 101 was extremely broad but not ambiguous. The Supreme Court stated that the broad subject matter provisions of § 101 were carefully chosen by Congress to promote the "useful arts."

A. State Street Clarifies the Process Claims Requirements

In 1998, the Federal Courts clarified the law regarding the general patentability of a business process. In *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* ("State Street"), the court stated that business processes are patentable as long as they meet the same legal requirements for patentability as other methods and processes. The patent at issue in *State Street* was a data processing system for implementing an investment structure. While the patent in *State Street* contained only machine claims, the *State Street* court indicated that the result would have been the same if it had involved method or process claims.

The *State Street* court ruled that as long as a patent claim falls within one of the four stated patentable subject matter categories of §

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50 See *J.E.M.*, 534 U.S. at 130-31 (citing *Chakrabarty*, 447 U.S. at 315) (holding that it is up to the courts to construe the language in patent laws).
51 See id. at 130 (indicating that Patent Law Act contains intentionally broad terms); see *Chakrabarty*, 447 U.S. at 315 (stating "Congress has performed its constitutional role in defining patentable subject matter in § 101; we perform ours in construing the language Congress has employed").
52 See *Chakrabarty*, 447 U.S. at 315 (holding that the broad terms used by Congress in the Patent Law act are intended to incentivize the development of new inventions).
53 See *State Street*, 149 F.3d at 1372 (stating that since the passage of the 1952 Patent Act, business methods should be subject to the identical legal requirements for patentability as any other process or method), cert. denied, 525 U.S. 1093 (1999); see also *In re Comiskey*, 554 F.3d 967, 973 (Fed. Cir. 2009) (holding that an application for a business method patent must first satisfy the plain and unambiguous language of 35 U.S.C. § 101 before proceeding to the other statutory requirements).
54 See *State Street*, 149 F.3d at 1371-72 (stating "[t]he plain and unambiguous meaning of § 101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35, i.e., those found in §§ 102, 103, and 112, P2.").
55 See id. at 1377 (stating business method patents are subject to the same requirements for patentability as any other claim under 35 U.S.C. § 101).
101, specifically "any new and useful process, machine, manufacture, or composition of matter," the invention is patentable as long as it meets the other requirements for patentability set forth in Title 35, i.e., §§ 102, 103, and 112. The State Street court considered two judicially created exceptions to the general patentability of a claim, the math algorithm exception and the business method exception. In State Street, the court explained that these exceptions are invalid and that a business process claim should not be categorized as a method of doing business but rather it should be treated like any other process claim. State Street stressed that the judiciary should not read limitations into 35 U.S.C. § 101’s subject matter patentability where Congress did not intend such limitations.

While State Street again confirmed the broad scope of 35 U.S.C. § 101’s patentable subject matter, it did recognize three "unpatentable subject matter" categories, laws of nature, natural phenomena, and abstract ideas, identified by the Supreme Court. In Diamond v. Diehr, the Supreme Court stated that a process is not patentable if it claims "laws of nature, natural phenomena, [or] abstract ideas." The Supreme Court found that the laws of nature, phenomena, and abstract ideas are fundamental truths that are "part of the storehouse
of knowledge of all men... free to all men and reserved exclusively to none."

Further, *State Street* stated that certain subject matter, without some type of practical application, merely represents an "unpatentable abstract idea." To determine if a process or business method was merely an "unpatentable abstract idea" or was 35 U.S.C. § 101 patentable subject matter, the *State Street* court applied the "useful, concrete and tangible result" test.

The *State Street* decision changed the practical application of patent eligibility. After 1998, business method and process patents applications to the United States Trademark and Patent Office ("USTPO") expanded from a few each year to a few thousand each year. The figurative floodgates had been opened. However, in the eight years following *State Street*, only 4% of business method patent applications were actually issued as patents compared to an overall 69% grant rate.

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64 Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127, 130 (1948) (holding that laws and qualities of nature are not patentable); *see also* Le Roy v. Tatham, 55 U.S. (14 How.) 156, 175 (1852) (stating "[a] principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.")

65 *See State Street*, 149 F.3d at 1373 (holding that abstract ideas are not patentable).

66 *See id.; see also* Diehr, 450 U.S. at 188 (stating that while a law of nature is not patentable, a new and useful process incorporating a law of nature into a new product or process may be patentable): *In re Alapatt*, 33 F.3d 1526, 1544 (Fed. Cir. 1994) *abrogated by* *In re Bilsky*, 545 F.3d 943 (Fed. Cir. 2008) (stating a patent claim must be viewed in its entirety because the mere existence of a natural law, abstract idea, or natural phenomena in the patent claim does not automatically invalidate the claim as unpatentable).

67 *See Miller, supra* note 38, at 44 (stating that in 1998 there were 1,500 process patent claims filed and by 2001 there were over 9,000 applications).

68 *See Maayan Perel, Reviving the Gatekeeping Function: Optimizing the Exclusion Potential of Subject Matter Eligibility, 23 ALB. L.J. SCI. & TECH. 237, 255 (2013) (indicating after the *State Street* case there was a flood of business method patents).

69 *See Michael Risch, Everything is Patentable, 75 TENN. L. REV. 591, 630 (2008) (indicating that worries about an unwanted growth in patent claims might be misplaced).
B. In Re Bilski

In In Re Bilski ("Bilski I"), the United States Federal Circuit Court of Appeals held that the "useful, concrete and tangible results" test was inadequate for determining whether a process claim is patent eligible under § 101. The patent applicants in Bilski I had submitted eleven claims to the USTPO, seeking to patent a method of hedging risk in the field of commodities trading. The USTPO denied all eleven claims as not patent-eligible subject matter under 35 U.S.C. § 101. The Bilski I court noted that a process claim is patentable and defined the ordinary meaning of 'process' as a "procedure . . . [a] series of actions, motions, or operations definitely conducing to an end, whether voluntary or involuntary." However, the Supreme Court has held the definition of 'process' in 35 U.S.C. § 101 to be narrower than its ordinary meaning.

The court in Bilski I examined what "test or set of criteria governs" whether a process claim is patentable or just merely an “unpatentable” fundamental principle. The court stated that the MOT test is not only the appropriate test for business method patent claims.

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70 See In re Bilski, 545 F.3d at 959-60 (holding that machine-or-transformation test is proper test to apply to determine patent-eligibility of process claims).
71 See id. at 992 (noting the USPTO examiner stated the patent claims were not limited to any computer or specific apparatus).
72 See id. at 966 (holding claims fail accepted machine-or-transformation test); see also Ex parte Bilski No. 2002-2257 (B.P.A.I. Mar. 8, 2006) (stating that every series of steps is not a process and that certain processes may still be unpatentable as an abstract idea, natural phenomena, or a law of nature).
73 See In re Bilski, 545 F.3d at 951-52 (citing from WEBSTER’S NEW INTERNATIONAL DICTIONARY OF THE ENGLISH LANGUAGE 1972 (2d ed. 1952)).
74 See id. at 952 (citing Parker v. Flook, 437 U.S. 584, 588-89 (1978) stating that because abstract ideas, mathematical formulas, natural phenomena, and laws of nature cannot be patentable processes the term process in the Patent Law Act must be read narrower than its ordinary meaning which would not exclude abstract idea processes).
75 See id. at 952 (stating “...the underlying legal question thus presented is what test or set of criteria governs the determination by the Patent and Trademark Office (‘PTO’) or courts as to whether a claim to a process is patentable under § 101 or, conversely, is drawn to unpatentable subject matter because it claims only a fundamental principle.”).
but is the sole test for determining the patent eligibility of a business method claim under § 101.\(^{76}\)

C. The Machine-or-Transformation Test

The MOT test sets forth two basic principles for determining the patent eligibility of a process claim under § 101: "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." \(^{77}\) The MOT test is often applied to process claims that relate to "knowledge products." \(^{78}\) Typically, the three main examples of knowledge products are software, business methods, and diagnostic tests. \(^{79}\)

In evaluating a process, the MOT test defines a machine as a "concrete thing, consisting of parts or of certain devices and combination of devices."\(^{80}\) For example, a computer can be but is not always considered a machine. \(^{81}\) However, the internet is never considered a machine. \(^{82}\) In Benson, the Court stated that the process must

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\(^{76}\) See id. at 956 (applying the machine-or-transformation test but noting future changes in technology may present difficulties to its applicability).

\(^{77}\) See id. at 954 (setting forth the elements of the MOT test); see also Gottschalk v. Benson, 409 U.S. 63, 70 (1972) (describing and applying the elements of the MOT test).

\(^{78}\) See Matthew Moore, In Re Bilski and the "Machine-or-Transformation" Test: Receding Boundaries for Patent-Eligible Subject Matter, 2010 DUKE L. & TECH. REV. 5, 12 (2010) (noting that while the MOT test is unambiguous, current doctrine creates questions regarding Bilski’s effects on three types of “knowledge products”).

\(^{79}\) See id. at 5 (providing three prime examples of “knowledge products” - business methods, diagnostic tests, and certain digital software).

\(^{80}\) See In re Ferguson, 558 F.3d 1359, 1364 (Fed. Cir. 2009) (quoting In re Nuijten, 500 F.3d 1346, 1355 (Fed. Cir. 2007)).

\(^{81}\) See Benson, 409 U.S. at 64-65 (explaining that a general purpose computer may perform a variety of functions and therefore may not be appropriate as a machine under the MOT test because it provides no limit on the processes application).

\(^{82}\) See Cybersource Corp. v. Retail Decisions, Inc., 620 F.Supp.2d 1068, 1077 (N.D. Cal. 2009) aff’d, 654 F.3d 1366 (Fed. Cir. 2011) (stating that the internet is a collection of millions of machines but the internet is not a particular machine as defined by the MOT test); Moore, supra note 78, at 30 (explaining that “[a]fter all, many business methods are inextricably intertwined with computers and software”).
be tied to a particular machine and not just a general purpose digital computer.  

The purpose of the machine test is to guarantee that the process is somewhat limited or tied to a particular machine or apparatus so as to not preempt the use of the process for all purposes not actually covered by the claim.  For example, in Benson the court held that the limitations tying the process to a computer were not limiting because the math algorithm at issue had no other utility other than being placed on a general computer, and therefore, it did not reduce the broad preemptive nature of the claim.  The tie or connection to a machine must impose a meaningful limit on the claim's scope in order for it to remain patent eligible.

While the process claim must be "tied to" a machine or apparatus in order to be patentable, physical steps are not needed for a process claim.  As long as the invention is tied to a machine or transforms an article, it may be patentable notwithstanding its lack of physical steps.  If a process is "tied to a particular machine” or apparatus, it

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83 See Benson, 409 U.S. at 71-72 (holding that the attempt to patent the process to a general purpose computer was so vague and sweeping that it was an attempt to patent an abstract idea, not a process).
84 See In re Bilski, 545 F.3d at 954 (stating that "[a] claimed process involving a fundamental principle that uses a particular machine or apparatus would not preempt uses of the principle that do not also use the specified machine or apparatus in the manner claimed. And a claimed process that transforms a particular article to a specified different state or thing by applying a fundamental principle would not pre-empt the use of the principle to transform any other article, to transform the same article but in a manner not covered by the claim, or to do anything other than transform the specified article.").
85 See Benson, 409 U.S. at 71-72 (stating that by granting a patent for the claimed mathematical formula in connection with a general purpose computer would have the practical effect of giving a "patent on the algorithm itself").
86 See In re Bilski, 545 F.3d at 961 (suggesting that the process must be limited to certain machines in order to be patent eligible). The court noted that the algorithm in Benson was not patentable because "the claim's tie to a digital computer did not reduce the preemptive footprint of the claim since all uses of the algorithm were still covered by the claim." Id. at 955.
87 See id. at 961 (rejecting the courts reliance upon a "physical steps" test in Comiskey and a "physical limitations" test in AT&T).
will likely produce “tangible” and “concrete” results. However, the concrete and tangible results test was determined to be inappropriate for determining the patentability of a process claim.

If a process claim is not patent eligible under the ‘tied to a machine’ portion of the MOT test, the process may still be patentable if it satisfies the transformation test. “Transformation and reduction of an article ‘to a different state or thing’ is the clue” to determining the patentability of a process claim. The “transformation must be central to the purpose of the claimed process.” The transformation must confine the process claim to some type of "definite bounds.”

Physical and chemical transformations can be fairly straightforward, for example, when they involve processes or acts of dyeing, smelting, waterproofing, and tanning that sufficiently transform one

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89 See In re Bilski, 545 F.3d at 959 (discussing the machine-or-transformation test applied to process claims); see also State Street, 149 F.3d at 1373 (providing example of a process claim that satisfies the machine-or-transformation test).

90 See In re Bilski, 545 F.3d at 964 (rejecting arguments that a claim is patentable if it satisfies the concrete and tangible results test); see also James Ernstmeyer, Does Strict Territoriality Toll the End of Software Patents?, 89 B.U. L. REV. 1267, 1278-79 (2009) (arguing In re Bilski’s abrogation of State Street’s "concrete and tangible results" test may have slowed "momentum toward broad patentability of intangible software").

91 See Benson, 409 U.S. at 70 (stating transformation or reduction of an article to another thing is the key to patentability of a process claim that is not tied to a machine).

92 Id.; see also Parker v. Flook, 437 U.S. 584, 588 n.9 (1978)(citing Cochrane v. Deener, 94 U.S. 780, 787-88 (1876) which states that the subject matter must be transformed and "reduced to a different state or thing").

93 In re Bilski, 545 F.3d at 962.

94 See Benson, 409 U.S. at 69 (finding that the chemical process that transform the raw materials are definite enough to confine the patent monopoly); see also Diehr, 450 U.S. at 184 (noting that the process of curing rubber is possibly patentable); see also Tilghman v. Proctor, 102 U.S. 707, 729 (1880) (discussing that the inventor must describe some particular mode or apparatus by which the process can be applied to give some beneficial result).
article into another.\textsuperscript{95} However, with business processes and electronic information, the transformation of one article to another may be extremely abstract.\textsuperscript{96} These abstract transformations may involve the manipulation and transformation of "legal obligations, organizational relationships, and business risks."\textsuperscript{97}

While the law pertaining to business process transformations is somewhat uncertain and unsettled, there are examples of business processes that satisfy the transformation test.\textsuperscript{98} In \textit{Abele}, the court found that a process that transformed x-ray data into a visually depicted image on a display satisfied the transformation test.\textsuperscript{99} The process transformed data into a new article, an image.\textsuperscript{100} In contrast, the courts have stated that merely adding a data gathering step to an algorithm will not satisfy the transformation test.\textsuperscript{101}

\textbf{D. Supreme Court Revalidates the MOT Test}

In \textit{Bilski v. Kappos} ("\textit{Bilski II}"), the Supreme Court affirmed the ruling in \textit{Bilski I} that the process claim at issue was invalid as an abstract idea.\textsuperscript{102} The patent claim in \textit{Bilski II}, a process of how buyers and sellers of commodities in the energy market could protect, or hedge, against the risk of price changes, was declared to be an ab-

\begin{itemize}
\item \textsuperscript{95} \textit{See Benson}, 409 U.S. at 69 (stating that transformation works to limit the patent monopoly to rather specific bounds).
\item \textsuperscript{96} \textit{See In re Bilski}, 545 F.3d at 962 (discussing the complexities surrounding the transformations of business process patents).
\item \textsuperscript{97} \textit{See id.} (stating that the raw materials of new age technologies and process claims are often electronic signals and data).
\item \textsuperscript{98} \textit{See id.} at 962 (finding that the process claim in \textit{In re Abele} passed the transformation test).
\item \textsuperscript{99} \textit{See In re Abele}, 684 F.2d 902, 908-09 (C.C.P.A. 1982) \textit{abrogated by} \textit{In re Bilski},545 F.3d 943 (Fed. Cir. 2008)(holding a process claim linked to specific x-ray attenuation data is patent eligible subject matter because only after the data is collected when the x-ray beam is produced can the algorithm be performed).
\item \textsuperscript{100} \textit{See id.} (explaining how the process claim transformed raw data into a two-dimensional visual picture of a physical object).
\item \textsuperscript{101} \textit{See In re Grams}, 888 F.2d 835, 840 (Fed. Cir. 1989) (holding that a patent process claim does not satisfy the transformation test through only a data gathering step).
\item \textsuperscript{102} \textit{See Bilski}, 130 S. Ct. at 3231 (affirming the lower court's decision that the patent process claim was invalid).
\end{itemize}
Abstract idea and not patentable. In addition, the Supreme Court agreed with Bilski I that the MOT test is "a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101." However, the Court found that adopting the MOT test as the sole test for determining the patentability of process claim violated statutory interpretation principles. Unfortunately, the Supreme Court declined to specify other tests that might be used to determine the patent eligibility of a process claim.

Instead of relying solely on the MOT test, the Court in Bilski II focused on judicial interpretations of 35 U.S.C. § 101 and the four commonly recognized categories of patent-eligible subject matter: processes, machines, manufactures, and compositions of matter. The Supreme Court reevaluated the definition of process and explicitly stated that 35 U.S.C. § 101’s term process does not categorically exclude business methods. The Court found that the term “method” was within the normal and ordinary meaning of a process. This reaffirmed the previous ruling in State Street, declaring the patentability of process claims.

103 See id. (holding the process claims invalid because petitioner's claims merely representing the basic concept of hedging, or protecting against risk, an unpataentable abstract idea).
104 See id. at 3227 (stating that the MOT test is a useful tool for determining the patent eligibility of a process claim).
105 See id. at 3221 (concluding that the MOT test cannot be the sole and controlling test for determining the patent eligibility of a process claim).
106 See id. at 3231 (encouraging the Federal Circuit to develop other limiting criteria consistent with the Patent Law Act and to rely on its previous decisions in Benson, Flook, and Diehr).
107 See id. at 3225 (citing the Patent Act); see also Kewanee Oil Co., 416 U.S. at 483 (stating “no patent is available for a discovery, however useful, novel, and non-obvious, unless it falls within one of the express categories of patentable subject matter”).
108 See Bilski, 130 S. Ct. at 3226 (recognizing a broader interpretation of the provisions of § 101); see also Diehr, 450 U.S. at 182 (noting courts should not read conditions and limitations into patent laws not expressly set forth by the legislature).
109 See id. at 3221 (explaining that the definition of the term “process” does not require that it be tied to a machine or transform articles from one thing to another).
110 See id. at 3231 (concluding that a process claim meets the requirements of 35 U.S.C. § 101); see also Chakrabarty, 447 U.S. at 309 (stating that laws of nature, natural phenomena, and abstract ideas are not patentable); Diehr, 450 U.S. at 185 (holding that certain processes are not patentable subject matter).
While the Supreme Court stated that a business method might be patent eligible, it also stated that there are three exceptions to the broad patent eligibility principles of § 101: "laws of nature, physical phenomena, and abstract ideas."\textsuperscript{111} For example, a patent claim that recites no more than software, logic, or a data structure (i.e., an abstraction) does not fall within any statutory category and is not patent eligible.\textsuperscript{112} Therefore, "Einstein could not patent his celebrated law that $E=mc^2$; nor could Newton have patented the law of gravity. Such discoveries are 'manifestations of . . . nature, free to all men and reserved exclusively to none.'"\textsuperscript{113} The Supreme Court went further to explain that by limiting an abstract idea to one field of use does not make the abstract idea patentable.\textsuperscript{114} Ultimately, the Court held that the petitioners’ claim to patent the basic idea of hedging against risk was not a patentable process, because the claim was an attempt to patent abstract ideas even though the patent claim limited the hedging to one specific business area.\textsuperscript{115}

E. Dissent/Concurrence in Bilski—Are Business Methods Patentable?

Although \textit{Bilski II} recognized the patent eligibility of business methods, a strong concurrence by Justices Breyer and Stevens argued

\textsuperscript{111} See \textit{Chakrabarty}, 447 U.S. at 309; see also \textit{Rubber-Tip Pencil Co.}, 87 U.S. at 507 (holding that the idea of attaching an eraser to a pencil was not a process but merely an unpatentable abstract idea).
\textsuperscript{112} See \textit{In re Warmerdam}, 33 F.3d 1354, 1361 (Fed. Cir. 1994) (holding that the lower court erred in sustaining rejection of process claim 5 for indefiniteness); see also \textit{Shatterproof Glass Corp. v. Libbey-Owens Ford Co.}, 758 F.2d 613, 624 (Fed. Cir. 1985) (defining the legal standard of indefiniteness); \textit{Georgia-Pacific Corp. v. United States Plywood Corp.}, 258 F.2d 124, 136 (2d. Cir. 1958) (stating "[i]f the claims, read in the light of the specifications, reasonably apprise those skilled in the art both of the utilization and scope of the invention, and if the language is as precise as the subject matter permits, the courts can demand no more"), \textit{cert. denied}, 79 S. Ct. 124 (1958).
\textsuperscript{113} See \textit{Chakrabarty}, 447 U.S. at 309 (quoting \textit{Funk Bros.}, 333 U.S. at 130) (noting that abstract ideas are not patentable because they belong to everyone).
\textsuperscript{114} See \textit{Bilski}, 130 S. Ct. at 3231 (clarifying the types of inventions and strategies that are patentable); see also \textit{Flook}, 437 U.S. at 594 (stating unpatentable subject matter may be patentable if it is sufficiently tied to an inventive application of the principle).
\textsuperscript{115} See \textit{Bilski}, 130 S.Ct. at 3231 (holding the Court is not placing any more stringent standards on patents that are not already included in its previous decisions and in the Patent Law Act).
that business method patents should be systematically excluded from patent eligibility. Justice Breyer stated that the Supreme Court had never before held that business methods were patentable and that the text, history, and purposes of the Patent Act also suggest that business methods are not patentable. Justice Breyer argued that *Bilski II* should have been decided on the grounds that all business method process patent claims are generally excluded from patentability under the Patent Act.

In Justice Stevens' concurrence, which was joined by Justices Ginsburg, Breyer, and Sotomayor, Stevens explained in great detail the history of patent law in the U.S. and England. Stevens argued that for centuries "a series of steps for conducting business was not, in itself, patentable." While Stevens agreed with the Majority opinion that the MOT test was not the sole test for determining what constitutes a patentable process, he argued that the Majority was misguided in their definition of process. The Majority held 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."
IV. THE FUTURE OF PROCESS PATENTS

A. No Progress after Bilski

Since the Supreme Court's ruling in *Bilski II*\(^{123}\) that the MOT test is not the sole test for determining patent eligibility of a business process patent claim, lower courts have nevertheless continued to rely almost exclusively on the MOT test.\(^{124}\) The courts have noted that the MOT test is an extremely valuable tool for determining whether or not a patent claim is an abstract idea or a patentable process.\(^{125}\) While courts have reiterated the ruling of *Bilski II* that the MOT test is not the sole test for making this determination, these courts have effectively continued to rely solely on the MOT test.\(^{126}\) In addition, there do not appear to be any cases where a process patent claim has failed the MOT test but was determined by the court to be a valid business method patent under a different test.

In *Prometheus Laboratories, Inc. v. Mayo Collaborative Services*, the second go-around after the Supreme Court vacated and remanded the case in the wake of *Bilski II*, the Federal Circuit essentially reiterated its holding in favor of patent eligibility of diagnostic applications based on the MOT test.\(^{127}\) The patent claims centered on a method for determining the optimal dosage of thiopurine drugs used to treat gastrointestinal and non-gastrointestinal autoimmune diseases.\(^{128}\) After declaring that the MOT test is not 100% binding on courts for de-

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\(^{123}\) See *id.* at 3231 (affirming the judgement of the Court of Appeals).

\(^{124}\) See *Ultramercial*, 2010 WL 3360098, at *7-11 (stating that a method of paying copyright fees for audio or visual products distributed over the internet was an unpatentable abstract idea because it was not connected to a machine of any kind and did not transform any material).

\(^{125}\) See *Prometheus Labs., Inc. v. Mayo Collaborative Servs.*, 581 F.3d 1336, 1345 (Fed. Cir. 2009), *cert. granted, judgment vacated*, 130 S. Ct. 3543 (2010) (relying on the MOT test in its process eligibility determination); *Bilski* 130 S. Ct. at 3231 (holding the MOT is very useful but cannot be the sole and exclusive test).

\(^{126}\) See *Prometheus Labs., Inc. v. Mayo Collaborative Servs.*, 628 F.3d 1347, 1354 (Fed. Cir. 2010), *rev’d*, 132 S. Ct. 1289 (2012) (reaffirming the previous decision in *Prometheus Labs.*, 581 F.3d at 1336 and allowing the MOT to inform their decision).

\(^{127}\) See *id.* at 1355 (stating the MOT test is a very informative and useful test in determining process patent eligibility).

\(^{128}\) See *id.* at 1359 (noting the process claim passed the transformation prong of the MOT test and also passed preemption subject matter test of the Patent Law Act).
terminating whether a business process patent claim is patentable, the Federal Circuit Court reapplied the MOT test to the patent claims. The Court determined that the process satisfied the transformation test and was therefore a valid patent.

In Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can., the court found that a business process for determining life insurance rates by using a computer did not satisfy the MOT test. The court struggled with how particular a machine must be to satisfy the machine test. The court found that any computer was not particular enough and therefore the patent claim failed to satisfy the machine test. The court concluded that the patent claims at issue were more like those found in "Bilski (a business method for hedging risk), Benson (a business method for programming a general-purpose computer to convert binary-coded decimal numerals), and Flook (a method for updating alarm limits during catalytic conversion) than those in Diehr (a method for determining cure time in the process of molding rubber). Ultimately, the court determined that the process claim was an “unpatentable abstract idea” that did not satisfy the MOT test.

129 See id. (holding that the process patent claim satisfied the transformation test and was a valid patent claim).
130 See id. (holding that the “method claims satisfied the preemption test as well as the transformation prong of the machine-or-transformation test.”).
132 See id. at 1064 (stating a machine “includes every mechanical device or combination of mechanical powers and devices to perform some function and produce a certain effect or result.”) (quoting SiRF Technology, Inc. v. Int’l Trade Com’r, 601 F.3d 1319, 1332 (Fed. Cir. 2010)).
133 See id. (asserting that the patent claim fails to satisfy the MOT test because the claim does not specify a particular machine or computer but merely recites the use of general purpose computer); see also DealerTrack v. Huber, 657 F. Supp. 2d 1152, 1156 (C.D. Cal. 2009) aff’d, 674 F.3d 1315 (Fed. Cir. 2012) (noting patent for a computer-aided method for managing credit applications invalid).
134 See Bancorp Servs., 771 F. Supp. 2d at 1066 (noting that the use of a general purpose computer does not make a process patentable in and of itself).
135 See id. at 1067 (holding that a process claim that is merely tied to a general computer and not to a particular machine is merely an attempt to patent an abstract idea); see also Res. Corp. Techs., Inc. v. Microsoft Corp., 627 F.3d 859, 859 (Fed. Cir. 2010) (overturning the district court’s ruling that the method patent was an ab-
In Research Corp. Technologies v. Microsoft Corp., a case that dealt with a business method patent claim, Microsoft was sued for patent infringement. The patent at issue involved a new method in which a newly developed mask produced higher quality halftone images than prior existing art, while using less processor power and memory space. The patent was essentially on a better process for digital imaging. The U.S. Court of Appeals for the Federal Circuit overturned the district court, finding the process claim was patentable. The court ruled that to be found unpatentable, under the abstract idea exclusion from 35 U.S.C. §101 process patentability, an invention’s abstractness must “exhibit itself so manifestly as to override the broad statutory categories” of patent eligibility. The court stated that the claims were patentable subject matter because they claim “functional and palpable applications in the field of computer technology.”

See also Res. Corp. Techs. v. Microsoft Corp., CV-01658TUCRCJ, 2009 WL 2413623, at *6-10 (D. Ariz. July 28, 2009) rev’d, 627 F.3d 859 (Fed. Cir. 2010) (addressing because the district court’s ruling came before the Supreme Court’s Bilski decision and used the “machine-or-transformation” test as dispositive for process claims, it found processed patent claims #310 and #228 invalid because they failed to meet either prong of Bilski’s MOT test and thus are not patent eligible subject matter). See Research Corp. Tech. 627 F.3d at 868 (noting that Supreme Court has never provided a strict formula for determining abstractness but rather the term must be examined in the broad context of patent law); see, e.g., Bilski, 130 S. Ct. at 3236 (Stevens, J., concurring) (stating the Court has “never provide[d] a satisfying account of what constitutes an unpatentable abstract idea”).
The court in Research Corp. Technologies concluded that there is no rigid test for abstractness.\footnote{See Research Corp. Tech., 627 F.3d at 868 (refusing to set forth a strict definition of abstractness).} The court also stated that the process claim must be viewed in its entirety and not piece by piece.\footnote{See id. at 869 (acknowledging precedent established by the Supreme Court).} Even though each piece of the new process claim was previously known, the new combination of processes and pieces can still be patentable.\footnote{See id. (noting the importance of considering a patent application as a whole and not looking at each individual piece).} This court did not discuss the MOT test in detail but did reaffirm the patentability of process claims that are not attempts to patent "laws of nature, physical phenomena, and abstract ideas."\footnote{See id. at 867; see also Pulley, supra note 141, at n.186 (relying on the "specific applications or improvements to technologies in the marketplace" determination).}

**B. New USPTO Guidance on the MOT Test**

On July 27, 2010, the USPTO released a memorandum ("Memorandum") in the hope of providing some guidance for determining the patentability of a process, given the Bilski ruling.\footnote{See Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos 1 (July 27, 2010), archived at www.perma.cc/5X2L-JHN3 (emphasizing a method claim must be examined as a whole and piece by piece).} The Memorandum provides examples of patentable processes and abstract ideas.\footnote{See Robert W. Bahr, Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos 1 (July 27, 2010), archived at www.perma.cc/5X2L-JHN3 (indicating the MOT test is an invaluable tool for determining method patent eligibility).} It states that the MOT test is a very useful tool for determining the patent eligibility of a process.\footnote{See id. at 2 (noting general concepts including basic economic practices, such as hedging, insurance, and marketing, are not patentable subject matter).} In addition, the Memorandum gives a list of factors that can aid in determining "whether a claimed method that fails the machine-or-transformation test is nonetheless patentable."\footnote{See Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos, 75 Fed. Reg. 143, 43924 (indicating the MOT test is an invaluable tool for determining method patent eligibility).} However, there is little guidance provided by the
Memorandum outside of the MOT test in the factors weighing towards patent eligibility of a method claim.\textsuperscript{150}

Following the Guidance issued by the USPTO, the Board of Patent Appeals and Interferences ("BPAI") has continued to apply the MOT test in assessing whether a claim is based on an abstract idea.\textsuperscript{151} Since Bilski II, the BPAI has denied patent status to a variety of business methods patent claims by applying the MOT test and determining that the claim was an unpatentable abstract idea.\textsuperscript{152} For example, in \textit{Ex Parte Frank A. Hunleth}, the appellants' invention was a system and method for a "framework for organizing, selecting and launching media items such as a graphical user interface."\textsuperscript{153} The BPAI applied the MOT test to the business method and found that none of the steps in the method was tied to a particular or general machine.\textsuperscript{154} The steps in the method consisted of "classifying, selecting, evaluating, and modifying."\textsuperscript{155} The BPAI found that none of these steps transformed an article into a different state or thing and therefore the patent claim failed both steps of the MOT test.\textsuperscript{156} Ultimately, the BPAI found that the patent claim was an abstract idea and not patentable.

\textsuperscript{150} See Bahr, \textit{supra} note 146, at 1(describing two other factors outside of the MOT test that weigh in favor of process patentability: 1) when a law of nature is practically applied with meaningful limitations; and 2) when a claim is more than a mere concept with verifiable and distinct steps).


\textsuperscript{154} See id. at *4 (stating that a computer readable medium is needed to execute a program); see also \textit{Ex parte} Cullen E. Bash, No. 2009-007202, 2010 WL 5199590, at *2 (B.P.A.I. Dec. 20, 2010) (focusing on the term "computer readable storage medium" as opposed to the term "tangible" to find the claim patentable).

\textsuperscript{155} \textit{Ex Parte} Hunleth, 2010 WL 4601413, at *3.

\textsuperscript{156} See id. (noting that the patent claim failed the MOT test).
because it failed the MOT test.\textsuperscript{157} From the Memorandum issued by the USPTO and the BPAI's recent decisions, it appears that the USPTO and the BPAI will continue to apply the MOT test as the controlling test for business method patent eligibility until a better test is recognized.\textsuperscript{158}

In addition to the BPAI, Federal Courts have taken notice of the USPTO's Memorandum and guidance regarding the eligibility of business method process patent claims. In Graff/Ross Holdings LLP \textit{v. Fed. Home Loan Mortg. Corp.}, the court looked at a patent claim by Freddie Mac that attempted to patent the process of using a computer to compute a price for the sale of "at least one component of property," when the property is a fixed income asset.\textsuperscript{159} The court again applied the MOT test and concluded that the patent claim was an abstract idea that did not meet the machine requirement of the MOT test.\textsuperscript{160} The court considered the guidelines given by the USPTO and used them in determining whether the patent claim was an abstract idea.\textsuperscript{161} The court concluded by stating that just because "the process is limited to a general purpose computer does not provide any meaningful limitation on the claim."\textsuperscript{162}

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\item \textsuperscript{158} See Andrea M. Augustine & Kevin J. Malaney, \textit{Bilski v. Kappos: Summary and Implications}, \textit{Patent Law Practice Center} (Sept. 29, 2010), archived at www.perma.cc/Y8PA-UL7K (stating that "many believe that in the short term courts will continue to apply the 'machine-or-transformation' test in the absence of an alternative").
\item \textsuperscript{159} See Graff/Ross Holdings LLP \textit{v. Fed. Home Loan Mortg. Corp.}, No. 07–796, 2010 WL 6274263, at *7 (D.D.C. Aug. 27, 2010) (holding that a general purpose computer does not satisfy the "particular" requirement of the MOT test because a general purpose computer does not provide any useful limitations on the patent claim).
\item \textsuperscript{160} See id. at *6 (noting the patent claims were unpatentable because they failed the MOT test as the machine or transformations tied to the claim did not provide "meaningful limits" on the process).
\item \textsuperscript{161} See id. (stating the USPTO's guidance is not binding on the courts but is helpful in determining a process claim especially after the Supreme Court in \textit{Bilski II} "gave very little guidance" to courts on how to determine patentable subject matter).
\item \textsuperscript{162} See id. at *7 (distinguishing the patent claim from the process claim in Dealer-Track, Inc. \textit{v. Huber}, 657 F. Supp. 2d 1152, 1156 (C.D. Cal. 2009), where the court
Even after *Bilski II*, courts have continued to apply the MOT test as the sole and controlling test for determining the patent eligibility of business method patent claims, while stating that the MOT test is not controlling.\(^{163}\) While the Supreme Court in *Bilski II* stated that the MOT test is not controlling for the patent eligibility of business method patent claims, the Court did not provide another test or standard that could assist in determining the patentability of a business method patent claim.\(^{164}\) It is also uncertain to what extent the "useful, concrete, and tangible results" test is still applicable given that the court in *Bilski I* rejected the test in favor of the MOT test.\(^{165}\) While the decision in *Bilski I* was partially overturned by the Supreme Court, the concurrence and dissenting opinions expressed concern over the use of the "useful, concrete, and tangible results" test.\(^{166}\)

### C. Assessing the Testing Options for Process Patent Claims

Although the Patent Law Act has never created a definitive test for determining whether an invention qualifies as a patentable process, over the years the courts have attempted to fill this void with various tests.\(^{167}\) These tests include the "Freeman-Walter-Abele" test,\(^ {168}\) "useful, concrete and tangible result" test, "machine-or-
transformation" test, and the "technological arts" test. While each test provides certain insights into the patentability of a process claim, no single test has "fully and accurately embodied the legislative intent and constitutional mandate." In addition, all judicially created tests have resulted in inconsistent results when applied to diverse and changing technologies. Ultimately, there is no statutorily mandated test for determining the patentability of process patent claims.

Chumney, Baumer, and Sawyers argue that case law has gone too far in protecting business process patent claims, especially in the area of tax planning patents. They state that of the sixty-two tax-related patents, tax issues are secondary in over half of them. Tax process patents have also drawn strong criticisms from some professional groups, including the American Institute of Certified Public Accountants (AICPA), that have publicly opposed the patenting of tax method strategies. These groups argue that tax strategy patents ("TSPs") "preempt Congress's legislative control over tax policy and deny taxpayers equal and unfettered access to the provisions of the
Internal Revenue Code and its interpretations. They also argue that TSPs make it difficult for tax advisors to render advice to clients, potentially increase the costs of tax advice to clients, and may mislead tax-payers into thinking that a patented tax strategy is valid in the eyes of the IRS.

The Supreme Court in Bilski II ruled that business processes are patentable. However, the extent to which business process patents are and should be patentable is unclear. Consequently, tests for determining patent eligibility of process claims remain unsettled. While the USTPO and most courts have continued to rely on the MOT test, the Supreme Court specifically held that this is not the sole controlling test. Furthermore, the Supreme Court declined to illuminate any other tests or criteria for determining the patentability of a process claim.

Despite the prevalent use of the MOT test, it has detractors. The MOT test has been criticized as ineffective, restrictive, and entirely judicially created without any statutory connection. Specifi-

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176 See id. at 343 (discussing that several professional groups argue in opposition of the patenting of tax strategies).
177 Id. at 344.
178 See Bilski, 130 S. Ct. at 3229 (holding business method claims are patentable if they satisfy certain criteria).
179 See id. at 3249-50 (explaining how business methods, from a historical standpoint, are not “processes,” but petitioners argued that they are nonetheless patentable under § 101 of the Patent Act when read together with the First Inventor Defense Act of 1999).
180 See id. at 3235 (stating Justice Kennedy’s opinion that the “machine-or-transformation” test remains an important test for patentability, but is not necessarily the appropriate test in granting a patent for a process claim).
181 See id. at 3221 (holding the “machine-or-transformation” test is not the sole test for patent eligibility under § 101).
182 See id. at 3221-23 (discussing how “machine-or-transformation” test is neither exclusive nor exhaustive, and may be further limited by other criteria later developed by the Federal Circuit that currently is not used in analyzing process claims).
184 See id. (noting there is concern the MOT test might unfairly limit certain types of patents); see also Christopher Holman, Bilski: Assessing the Impact of a Newly Invigorated Patent Eligibility Doctrine on the Pharmaceutical Industry and the Future of Personalized Medicine, 10 CURRENT TOPICS IN MED. CHEMISTRY 1937.
cally, the MOT test is criticized as too rigid when applied to life science process claims, especially those pertaining to issues involving diagnostic and screening methods, where the courts should apply the Fundamental Principles Exception as set forth by the Supreme Court. The Fundamental Principles Exception states that a process is not patentable subject matter under 35 U.S.C. § 101 if it is an attempt to patent natural laws, natural phenomenon, abstract ideas, or mental processes. The "operative question under the Fundamental Principles Exception is whether the claim defines an application of the principle with sufficient particularity so as not to preempt all uses and implementations of the principle." The Fundamental Principles Exception would encourage innovation through patents while protecting fundamental principles for use by everyone.

Business processes are far more problematic than traditional patents for machines, drugs, and tangible objects. Process patents are often abstract, overly broad, and difficult to locate because they can apply across a wide range of industries. For example, a patent on managing inventories could apply to many different industries and companies. Business method patents may be dangerous because patent infringement may be innocent and done without knowledge of


185 See Murphy & Murphy, supra note 183, at 757-58 (contending the "Fundamental Principles Exception" is more "straightforward" than the highly "subjective" MOT test).

186 See Diehr, 450 U.S. at 185 (stating that the courts recognize certain limits to the subject matter patentability of process claims under 35 U.S.C. § 101).

187 See Murphy & Murphy, supra note 183, at 756 (stating that the Fundamental Principles exception ensures that patent claims do not preempt all other uses of the principle being claimed).

188 See Murphy & Murphy, supra note 183, at 756 (stating the straightforward Fundamental Principles Exception protects fundamental concepts for the free use by all people).

189 See Stephen McJohn, Scary Patents, 7 NW. J. TECH. & INTELL. PROP. 343, 344-45 (2010) (asserting that business method patent claims raise more problems than patent claims for bridges, drugs, or similar physical inventions).

190 See id. at 354 (noting that business method, software and business invention patents are relatively inexpensive to develop when compared with the drug patent industry).
The uncertainty surrounding the “scope and validity” of business method patents may also stunt innovation in new technologies. McJohn proposes that Courts use the MOT test loosely in order to deal with changing technologies and patent processes because it provides a useful tool for courts to implement key patent law policies, without preempting fundamental principles.

However, the strict reliance on the MOT test illustrates that patent law has failed to produce a “viable standard for adaptation to relevant technological changes.” As new inventions are created, there are new subject matter patent claims. A reliance on the rigid MOT test will continue to define these new inventions by old standards and terms and forces all process claims to one small subset of technology. Instead, patent law should adopt a more flexible and adaptive stance toward patentable subject matter.

The judicial approach to business process patent claims and the MOT test have been criticized as too rigid and formulaic. Cotter argues that with respect to patentable subject matter, the risk is that courts and other policymakers will settle on formalistic approaches that blindly adhere to the form of traditional doctrines while ignoring

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191 See id. at 344 (stating that patent infringement might be innocent because of a lack of knowledge by infringer of the patent’s existence).
192 See id. at 343 (arguing the broadness of certain business method patents inhibit others from new inventions).
193 See id. at 369-70 (concluding that the MOT test provides a valuable tool for courts to implement patent law policies without preempting the fundamental principles of patent law because of the tests amorphous and vague terms; "machine" and "transform").
194 See Miller, supra note 38, at 8 (arguing that Copyright law is experiencing less uncertainty because it has mostly ignored technological changes and in doing so has demonstrated more adaptability to changing technologies than patent law).
195 See Miller, supra note 38, at 53 (stating the courts have tried to shoehorn new inventions into an old definition of technology).
196 See Miller, supra note 38, at 53 (indicating the courts do not understand technology as well as they should and are often using an out of date definition when examining patent claims).
197 See Miller, supra note 38, at 36 (arguing a more liberal interpretation of patent laws would encourage innovation in unforeseen fields).
198 See Miller, supra note 38, at 58 (stating that "by tying the patent eligibility of a method to a machine or transformation, the Federal Circuit has limited patentable subject matter to only a subset of technology.").
those doctrines' underlying rationales. He states that patent eligibility should reflect the wisdom embodied in patent law traditions while being flexible enough to accommodate new innovative technologies and advances in technology. Cotter proposes three screening tests that would help determine patent eligibility. The three proposed screens are Technological Arts, Noninvasiveness, and Minimal Physicality, and they are argued to be based on long standing legal policies surrounding patent eligibility. These screens would invalidate purely intangible process patent claims. However, the screens would not disqualify patents on claims that are tied to a machine or apparatus (for example a general computer).

Under the Technological Arts screen, a "claimed invention must in some meaningful sense (1) harness the forces of nature (2) in some stable, predictable, and reproducible manner (3) to achieve a practical end result." These requirements would preclude attempts to patent laws of nature, natural phenomena, abstract ideas, and aesthetic creations. This patent eligibility screen would further patent law
standards such as “utility, inherency, non-obviousness, claim definiteness, and enablement.”

The Noninvasiveness screen which would not allow an invention to be patent eligible if its "enforcement would unduly interfere with fundamental liberty interests or with the domain of copyright law." Cotter acknowledges this test would be a controversial screen because it addresses only a few of the problems associated with granting wide ranging patents, and because defining the word "invention" could be problematic.

The Minimal Physicality screen would require that a process method claim either "(1) effect a physical transformation, external to the human actor, of matter or energy from one state to another, or (2) be tied to some tangible thing (but not necessarily a "particular machine")." The Minimal Physicality screen test is in essence a more flexible version of the MOT test. This screen would not invalidate any process patent claim that would have traditionally passed the MOT test. However, it would not open the flood gates to all process claims. Instead, the Minimal Physicality screen test would require that a patentable process transform something from one state to another or be tied to a tangible thing. Its adoption would redefine 'machine' and 'transformation' in broader terms to expand the scope of

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207 See Cotter, A Burkean Perspective Part II, supra note 199, at 374 (stating that the technological arts screen would protect patent law standards).
208 See Cotter, A Burkean Perspective Part II, supra note 199, at 377 (noting this screen was mostly informed by John R. Thomas, Liberty and Property in Patent Law, 39 Hous. L. Rev. 569 (2002)).
209 See Cotter, A Burkean Perspective Part II, supra note 199, at 379 (acknowledging potential criticisms of the noninvasiveness screen).
210 See Cotter, A Burkean Perspective Part II, supra note 199, at 375.
211 See Cotter, A Burkean Perspective Part II, supra note 199, at 375 (noting the invention need not be tied to a machine but rather only a tangible object).
212 See Cotter, A Burkean Perspective Part II, supra note 199, at 378 (indicating any patent sufficiently tied to a machine would pass the Minimal Physicality screen).
213 See Cotter, A Burkean Perspective Part II, supra note 199, at 378 (noting most claims currently disallowed would continue to be excluded).
214 See Cotter, A Burkean Perspective Part II, supra note 199, at 375 (requiring a transformation step to occur but not as strict at the transformation required by the MOT test).
the MOT test. However, this screen would still provide limitations on process claims and would not allow the patentability of mere abstract ideas. At the same time, the Minimal Physicality screen would be more consistent with the general U.S. patent history of recognizing a wide range of patent eligible subject matter.

D. How Applicable is the Useful, Concrete, and Tangible Results Test?

Besides the MOT test, the only test recently used by courts to determine the patent eligibility of a process claim was the useful, concrete, and tangible test employed in State Street. In State Street, the court stated that an invention that represented nothing more than an abstract idea was not patentable. However, if that abstract idea was reduced to an application or process that produced a useful, concrete, and tangible result, the invention could be patentable. The court stated that the focus should not be on whether or not an invention was a process, machine, or composition of matter but rather on the invention's practical utility.

Judge Rader's dissent in Bilski I commented on the “useful, concrete, and tangible test” in light of Metabolite Labs. v. Lab. Corp., a case where the United States Court of Appeals for the Federal Circuit upheld a jury finding that LabCorp infringed on Metabolite's pa-

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215 See Cotter, A Burkean Perspective Part II, supra note 199, at 375 (discussing possible modifications to the MOT test).
216 See Cotter, A Burkean Perspective Part II, supra note 199, at 376 (allowing for patents "like the ones at issue in Laboratory Corp. of American & Prometheus v. Mayo").
217 See Cotter, A Burkean Perspective Part II, supra note 199, at 381 (discussing the framework of the Minimal Physicality screen).
218 See State Street, 149 F.3d at 1373 (holding that a business method patent was patentable subject matter because it was a "practical application of a mathematical algorithm, formula, or calculation, [and] . . . it produced a 'useful, concrete, and tangible result'" (citing Alappat, 33 F.3d at 1544)).
219 See id. (holding an abstract idea needs to be reduced to a practical application before it becomes patentable subject matter).
220 See id. (stating that this test determines if the application is "useful").
221 See id. at 1375 (noting courts should not focus to heavily on whether it is an abstract idea, process, etc. but rather should focus on its usefulness, which can be "expressed in numbers, such as price, profit, percentage, cost, or loss").
The patent infringed upon was a method for detecting B12 and folic acid deficiencies in humans by "assaying a body fluid for an elevated level of total homocysteine; and correlating an elevated level of total homocysteine in said body fluid with a deficiency of cobalam- 
in or folate." The Supreme Court granted the case a writ of certiorari and then dismissed it as improvidently granted. However, Justices Breyer, Stevens, and Souter joined in a dissent stating that the Supreme Court should have determined whether or not the patent claim was an invalid attempt to create a monopoly over a basic scientific relationship.

The dissent stated that allowing patents for fundamental scientific principles would "severely interfere with, or discourage, development and the further spread of useful knowledge itself." The dissent went on to state that the patent in question was in fact a law of nature, a basic scientific fact. Judge Breyer’s position is that "there can be little doubt that the correlation between homocysteine and vitamin deficiency set forth in claim 13 is a 'natural phenomenon.'" The dissent found that the patent claim was merely a claim for unpate- 
Nable subject matter.

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222 See Bilski, 545 F.3d at 1014 (Rader, J., dissenting); see also Lab. Corp. of Am. Holdings v Metabolite Labs., Inc., 548 U.S. 124, 136 (2006) (Breyer, J., Stevens, J., Souter, J., dissenting) (discussing a patent eligibility process used to achieve a "useful, concrete, and tangible result”).
223 See Metabolite Labs. Inc. v. Lab. Corp. of Am. Holdings, 370 F.3d 1354, 1359 (citing '658 patent, col. 11, ll. 58-65) (illustrating method for detecting deficiency of cobalamin or folate in warm-blooded animals).
224 See Lab. Corp. of Am. Holdings, 548 U.S. at 125 (holding the writ of certiorari is dismissed as improvidently granted).
225 See id. at 132 (Breyer, J., Stevens, J., and Souter, J., dissenting) (questioning whether a method patent claiming a monopoly over a basic scientific relationship should be patentable).
226 See id. at 128 (stating certain principles are free to all men and owned by none).
227 See id. at 137 (arguing even if the patent was a process, it was unpate- 
Nable subject matter as any it is no more than a process to read a natural law).
228 See id. at 135 (contending "natural phenomenon" can be interpreted narrowly or broadly, but no matter how narrow a natural phenomenon claim is interpreted it is barred from patent eligibility).
229 See id. at 137-38 (arguing that the Supreme Court should have found that even if interpreted as a general process, it still fails the requirement that it not amount to a simple natural correlation).
However, in *Bilski I*, Judge Rader criticized the *Metabolite* dissent, stating the dissent misunderstood the difference between a patentable process and a natural phenomenon. Judge Rader stated that the patent claim in *Metabolite* was not a natural phenomenon but rather a patentable process claim. The natural phenomenon in *Metabolite* was the existence of "high homocysteine levels and folate...deficiencies" but the patent claim was a process of testing blood in order to determine a life threatening vitamin deficiency. Judge Rader stated that the patent claim did not attempt to patent natural phenomenon relationship between folate and homocysteine. In addition, the patent claim does not "foreclose future inventors from using that relationship to devise better or different processes." Judge Rader further states that the process claim satisfies the "useful, concrete, and tangible result" test because it creates "an incontrovertible diagnostic evidence to save lives."

Ultimately, Judge Rader's approach to patentable process claims recognizes the Fundamental Principles Exception and the "useful, concrete, and tangible result" test, and it ensures that the patent is specific enough to avoid a monopoly by allowing other inventors to subsequently apply the natural phenomenon relationship to new and other processes. The Supreme Court was apparently not persuaded, since the “useful, concrete, and tangible result test” was ignored by the Court in *Bilski II* as a controlling test for process patent claim

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230 *See Bilski*, 545 F.3d at 1014 (Rader, J., dissenting) (distinguishing between a phenomena of nature and a process for applying that natural relationship to achieve a useful and concrete result).
231 *See id.* (arguing there was nothing abstract about the patent in *Metabolite*).
232 *See id.* (stating that the patent claim does not claim the natural relationship between chemicals but rather a process for gathering and testing the relationship in order to diagnose a deficiency).
233 *See id.* (noting the process should be patent eligible because it applied a "relationship to achieve a useful, concrete, and tangible result").
234 *See id.* (stating the process claim was not patent ineligible relationship between two natural forces but instead produced a process with tangible and useful results).
235 *See id.* (stating the patent was really for a process of testing blood and not a patent on the relationship of laws of nature).
236 *See Bilski*, 545 F.3d at 1014 (Rader, J., dissenting) (discussing how to most efficiently and reasonably allow the use of natural phenomena in patentable inventions).
eligibility, leaving courts and patent filers without clear guidance to how business method patent eligibility will be judged.\footnote{See Bilski, 130 S.Ct. at 3232 (Stevens, J., Ginsburg, J., Breyer, J., and Sotomayor, J., concurring) (stating a process is not patent ineligible simply because it is useful in conducting business).}

V. NEW HOPE? ASSESSING THE LIKELY IMPACT OF THE AIA

On September 16, 2011, President Obama signed into law the Leahy-Smith America Invents Act ("AIA") adding a new wrinkle into the legality and process to determine patent eligibility of business method patents.\footnote{See David Goldman, Patent Reform is Finally on its Way, CNNMoney, June 11, 2011 archived at www.perma.cc/VW8Y-63TW (stating the bill is the first significant patent reform since 1952 and one of the key features of the bill is to keep "patent battles out of the courts"); see also Leahy-Smith America Invents Act, S. 23, 112th Cong. § 1 (2011), archived at www.perma.cc/NZ5Z-PF MU (encompassing act as passed by Senate).} Although certain fundamental changes enacted by the AIA, such as the shift from a first-to-invent to a first-to-file rule\footnote{See Stephen M. McJohn, Top Tens in 2011: Patent, Trademark, Copyright and Trade Secret Cases, (Suffolk University Law School, Research Paper No. 11-56), archived at www.perma.cc/5L7B-E5J9 ("The Act made a number of significant changes in US patent law, such as moving US law closer to most jurisdictions, by shifting to a first-to-file rule for determining priority between competing inventors, instead of first-to-invent[].")} and its expansion of the legal definition of prior art, are worth noting, generally, three specific sections of the AIA are of interest from the standpoint of business process patentability.\footnote{See Clifton E. McCann & Lars H. Genieser, America Invents Act Of 2011: Major Changes in the Law That Will Affect Patent Litigation Strategies, VENABLE, archived www.perma.cc/3CRZ-DQ58 ("The AIA redefines relevant prior art in a way that expands the body of prior art available to invalidate a patent."); see also Brian Higgins, AIA: Redefining what is ‘Prior Art’, MARYLAND IP LAW BLOG (Oct. 31, 2011), available at www.perma.cc/494B-8FJ3 ("Under the America Invents Act … any evidence showing that an invention was ‘in public use, on sale, or otherwise available to the public’ can be used as prior art, even if that evidence relates to events that take place outside the U.S … The AIA expands the prior art common ownership exception under 35 U.S.C. 103(c). ").} These sections are (1) Section 14, which pertains to tax strategy patent applica-
tions, (2) Section 6, which institutes a new post-grant review process for all patent applications, and (3) Section 18, which establishes a special “transitional” post-grant review process for business process patent applications. The changes enacted by the AIA are being implemented on a staggered timeline between 2011 and 2015. Because the AIA’s language remains open to interpretation, its staggered implementation will doubtlessly create “a period of [legal] turmoil and uncertainty” as parties argue the applicability of the new law and the courts attempt to resolve disputes. The AIA’s complexity and scope make it likely that these resolutions will pertain to a host of patent-related issues. Nevertheless, the sections of the AIA that pertain specifically to business processes allow us to examine the new law’s likely impact on the issuance of business process patents after Bilski II. Furthermore, the regulatory steps the U.S. Patent and Trademark Office (“PTO”) must now undertake in order to “clarify and implement some of the [AIA’s] additions and amendments to the U.S. Patent Act” will likely influence the long-


\[242\] See id. at §311-12 (highlighting the section on post-grant review proceedings).

\[243\] See id at §318 (highlighting the section on post-grant review process for business process patent applications).

\[244\] See McCann & Genieser, supra note 240 (“Some litigation-related changes brought about by the AIA came into effect immediately upon its enactment on September 16, 2011, and are already in play. Others will take effect at various stages between now and 2015.”)

\[245\] See McCann & Genieser, supra note 240. (“Because the AIA includes ambiguities that will need to be resolved by the courts, a period of turmoil and uncertainty will exist until at least 2015 as users of the patent system argue the applicability of the new law and courts interpret the law to resolve disputes.”).

\[246\] See McCann & Genieser, supra note 240 (predicting that the adjustments to American patent law will result in majority inventors and patent owners to adjust their approaches to patent prosecution and litigation).

\[247\] See Joseph W. Norman, America Invents Act of 2011 Seeks to End Tax Strategy Patents: In the Wake of Bilski, Senators Take Legislative Action, NORTH CAROLINA BAR ASSOCIATION, www.perma.cc/F3G-XVW6 (noting the Legislature was forced into action by the decision in Bilski II because of the failure to determine a definitive test with regards to business method patents).

\[248\] See America Invents Act: Effective Dates, USPTO, archived at www.perma.cc/SP5Y-39QX (providing the effective dates of the AIA’s provision); see also AIA Detailed Timeline, USPTO, archived at www.perma.cc/99N7-XY8Z (setting forth the roll out dates for the AIA).
standing and neuralgic question of what methods, apart from the MOT test, are appropriate for adjudicating process patent claims. 249

A. Tax Strategy Patentability

Tax strategy patents are a subjection of business method patents. 250 Section 14 of the AIA states that “any strategy for reducing, avoiding, or deferring tax liability, whether known or unknown at the time of the invention, shall be deemed insufficient to differentiate a claimed invention from a prior art.” 251 This provision of the AIA took effect immediately upon its passage into law and applied to patent applications that were “pending on, or filed on or after [September 16, 2011] and to any patent that is issued on or after [September 16, 2011].” 252 By placing tax strategies within the scope of “prior art,” Congress amended patent law so as to effectively bar the PTO from granting tax strategy patents. 253 As the result of intense debate on the Senate floor, language was inserted into Section 14 that carved at one notable exception to this rule. 254 This language, which has come to be known as the “Turbo Tax exception [,]” 255 allowed the PTO to approve patent applications in those narrow cases where “computer programs or systems for preparing tax [returns]” 256 were

249 Mark J. Patterson & Andrew M. Pitchford, First to File, 47 TENN. BAR J. OF L. 14, 14 (Nov. 2011).
250 See Norman, supra note 247 (stating Congress enacted the AIA specifically to curb tax strategy eligibility); see also Paul Caron, Aprill: The Impact of Bilski on Tax Strategy Patents, TAXPROF BLOG (June 28, 2010), archived at www.perma.cc/A6QU-Y92M (explaining that "at best Bilski is a mixed bag for tax strategy patents").
252 Id.
253 See Norman, supra note 247 (noting that with the passage of the AIA, 35 U.S.C. § 103 effectively bans any tax strategy patents).
255 See id. (“The new Act deems all strategies for reducing, avoiding, or deferring tax liability as prior art, thereby making such grounds unavailable for obtaining a patent. The AIA includes a so-called “Turbo Tax” exception for computer programs that actually carry out the preparation and filing of a tax return”).
256 See Higgins, supra note 240 (“The provision excludes, however, computer programs or systems for preparing tax. As such, it may be possible to formulate a tax preparation invention as a computer program or system to avoid the statutory pro-
According to some commentators, patent applications along these lines will likely be approved by the PTO, provided that they are capable of satisfying the statute’s other provisions, including novelty, non-obviousness, and utility. These same commentators likewise stress that Section 14 of the AIA cannot be “construed to imply that other business methods are patentable or valid.”

With regard to the Congressional intent underpinning Section 14, recent commentary has produced contradictory and divergent opinions. For some, Section 14 of the AIA is intended to preserve “the ability to interpret the tax laws and to implement those interpretations in the public domain, so that they can be used by all taxpayers and their tax advisors.” This interpretation places Section 14 squarely in line with the evolving “storehouse of knowledge…free to all men and reserved exclusively to none” understanding of unpatentable subject matter.

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257 See Smith, supra note 256 (discussing the Leahy-Smith America Invents Act, specifically its exclusion of inventions or parts of inventions directed to tax return preparation and tax filing methods, software, and systems, as well as financial management methods, software, and systems to the extent the invention is severable from any tax strategy or does not limit the use of any tax strategy by any taxpayer or tax advisor. Applications related to such inventions may be patentable if other provisions of the statute, such as novelty, nonobviousness, and utility, are satisfied”).

258 See Smith, supra note 256256 (stating “[d]espite this change, inventions or parts of inventions direct to tax return preparation and tax filing methods, software, and systems are excluded from the scope of the new provision. Also excluded are financial management methods, software, and systems to the extent that invention is severable from any tax strategy and does not limit the use of any tax strategy by any taxpayer or tax advisor. Applications related to such inventions may be patentable if other provisions of the statute, such as novelty, nonobviousness, and utility, are satisfied”).

259 See Smith, supra note 256.


261 See Smith, supra note 256 (discussing Section 14 of the Leahy-Smith Patent Reform Act and its effect on tax law).

262 See Diehr, 450 U.S. at 185 (quoting Funk Bros., 333 U.S. at 130) (stating certain principles are beyond the scope of patentable subject matter).
subject matter categories advanced by the Supreme Court in *Diamond v. Diehr* and subsequently developed in a number of important court cases. 263

Others have argued that Section 14 aims at “render[ing] tax dodge strategies unpatentable.” 264 For these observers, the language behind Section 14 of the AIA “arguably sweeps either too broadly or too narrowly to achieve this goal.” 265 On one hand, they foresee the possibility that tax strategies could be uncoupled from the AIA’s expansive new definition of “prior art” (if, for example, they were conjoined to a “computer-readable medium” in a novel way). 266 Conversely, they also note the possibility that strict enforcement of Section 14’s prohibition on tax strategy patents could cause patent applications for “any number of business methods or even technical inventions that...serve the purpose of reducing or avoiding tax liability” to be summarily denied. 267 In either case, the fundamental question of which tests or tests best demonstrate patentability will remain a controversial topic as the PTO and the courts take on the specific challenges posed by the AIA’s language. 268

**B. Post-Grant Review Process**

Beginning in 2015, Section 6 of the AIA will introduce a new post-grant review process whereby the validity of certain patents can be challenged. 269 Although, prior to the AIA, parties could challenge a patent by asking the PTO to re-examine it in either an *inter partes*

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263 *See id.* (setting forth the three commonly recognized exemptions to patentable subject matter); *see also State Street*, 149 F.3d at 1373 (elaborating upon unpataentable subject matters); *In re Bilski*, 545 F.3d at 952 (discussing unpataentable subject matter as applied to business processes); *Bilski*, 130 S. Ct. at 3225 (outlining the exceptions to the broad patentability of section 101 following court precedent).

264 See *Lemley, supra* note 260 (noting that the statutory intent appears to make tax evasion strategies unpataentable).

265 See *Lemley, supra* note 260 (arguing that the language of the statute is ambiguous).

266 See *Lemley, supra* note 260260 (anticipating broader patent protection of tax strategies if uncoupled from the definition of prior art).

267 *Lemley, supra* note 260.

268 See *Lemley, supra* note 260 (outlining different standards PTO might consider using to determine patentability).

or an *ex parte* proceeding, the new review process implemented by the AIA allows for more expeditious, cost-effective proceedings.\textsuperscript{270} The new process also considerably expands the grounds on which patents can be challenged while simultaneously lowering the evidentiary standards required to demonstrate a patent’s invalidity.\textsuperscript{271}

Prior to the AIA, *inter partes* re-examination of an issued patent could only proceed “on grounds of obviousness and lack of novelty, supported by evidence in the form of prior patents and printed publications.”\textsuperscript{272} The new post-grant review process broadens the scope of permissible challenges to include all the grounds outlined in Section 282(b) (2) and (3) of the Patent Act, including the claim that an invention is ineligible for patent protection because it represents an abstract idea or force of nature.\textsuperscript{273} The pre-AIA *inter partes* system of

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\textsuperscript{270} See Peter E. Heuser & Johnathan Mansfield, *Reinventing Patent Law: The America Invents Act Changes the Rules*, 72 OR. ST. B. BULL. 38 (2011) (stating “[a]n accused infringer can usually challenge the validity of a patent in court, although such proceedings are expensive and lengthy. Prior to the AIA, a party could also challenge a patent by asking the U.S. Patent and Trademark Office (PTO) to reexamine the patent … reexaminations were less expensive than court challenges, but these reexaminations could still extend over several years before the PTO issued its decision. The AIA provides new ways to challenge patents in expedited, cost-effective proceedings … A decision will generally issue within a year”).

\textsuperscript{271} See McCann & Genieser, *supra* note 240 (stating “[w]hen attacking the validity of a patent in federal court, a patent challenger must provide ‘clear and convincing evidence’ of invalidity in order to prevail. In contrast, when the PTO reviews issues of validity, a challenger is only required to show invalidity by a ‘preponderance of the evidence.’ In other words, the challenger can succeed in the PTO by showing that the evidence of invalidity is only slighter greater than the evidence of validity. This difference is of considerable benefit to a party who challenges validity in the PTO, and party for this reason, the new Post-Grant Review (‘PGR’) proceedings is of great importance… Provisions for PGR provide other advantages to the patent challenger. The threshold test used by the PTAB to decide whether to institute a PGR proceeding will be easier to satisfy than that used to decide whether to institute IPR…In addition, the AIA allows the PTAB to institute PGR proceedings if the challenger’s petition ‘raises a novel or unsettled legal question that is important to other patents or patent applications’”).

\textsuperscript{272} See McCann & Genieser, *supra* note 240 (noting the expanded patent review system under the AIA).

\textsuperscript{273} See McCann & Genieser, *supra* note 240 (stating that “… a patent challenger will also be able to successfully attack validity in PGR if it establishes, by a mere preponderance, that (a) the claimed invention is ineligible for patent protection under Section 101 of the U.S. Patent Act, for example, because the invention constitutes merely an abstract idea or something that occurs in nature”).
\end{footnotesize}
review obliged challengers to furnish the PTO with proof that it was “reasonably likely” a patent was invalid before a re-examination of its validity could begin.\textsuperscript{274} Under the new PGR process, challengers are required to produce evidence that it is merely “more likely than not” that one or more of a patent’s claims are unpatentable.\textsuperscript{275} The new process also empowers the PTO to consider applications solely based on their ability to raise “a novel or unsettled legal question that is important to other patents or patent applications.”\textsuperscript{276}

Taken together, these changes do more than simply create an advantageous environment for patent challengers.\textsuperscript{277} By diminishing evidentiary standards and broadening the permissible scope of patent challenges, in addition to lowering the cost of patent litigation and providing for the expeditious rendering of verdicts, Section 6’s implementation of PGR has legally incentivized a renewed exploration of both \textit{Bilski II’s} implications and its unanswered questions by the PTO.\textsuperscript{278}

The likelihood that the PGR process will trigger a renewed exploration of \textit{Bilski II} is an important point to emphasize.\textsuperscript{279} When the Federal Circuit enshrined the MOT test for business process patents in \textit{Bilski I}, the PTO was placed in the unenviable position of having to “[push] the legal frontier [of patentability] without a clear signal from the Federal Circuit,” especially with regards to the question of

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\textsuperscript{274} See McCann & Genieser, supra note 240 (stating “…a challenger will need only show that new evidence makes it ‘more likely than not’ that at least one claim of the challenged patent is unpatentable (compare the “reasonably likely” standard for [Inter Partes Review])).
\textsuperscript{275} See McCann & Genieser, supra note 240 (comparing it to the old “reasonably likely” standard).
\textsuperscript{276} See McCann & Genieser, supra note 240 (stating that the proceeding must be concluded within one year in order to save on costs and resources).
\textsuperscript{277} See McCann & Genieser, supra note 240 (indicating that patent challengers gain the most from the new provisions of the AIA).
\textsuperscript{278} See McCann & Genieser, supra note 240 (explaining how the new AIA, on its surface, “tilts the game board” in favor of the patent challenger because the new AIA will expand the definition of prior art and allow more grounds for attacking issued patents in the PTO).
\end{footnotesize}
whether or not a general purpose computer constituted a “machine.”

In response, the PTO decided it was in its best interest to “err on the side of granting patents rather than denying them” as opposed to “[holding] the line against inventions that the Federal Circuit might eventually accept.” By invalidating the Federal Circuit’s ruling that the MOT test was the sole determinant of process patentability, the Supreme Court’s subsequent interpretation of Bilski I relieved this situation of a considerable degree of its institutional brinksmanship, but it did so by essentially begging the question Bilski I posed.

Had Bilski I remained in play, and had the PTO continued to grant business process patents attached to general computers, as was likely, the foreseeable outcome would have been a steady stream of Federal Circuit cases challenging PTO denials of inventions involving “even more general sorts of machines, or business methods that did not require machines but claimed to transform matter in some fashion.” Accordingly, the frontiers of patentability would either have been decisively closed or grown ever more populous as the Federal Circuit sought to stem the flow of patentability litigation by issuing clear precedents and patent seekers sought to challenge the few denials issued by the PTO by pressing ever deeper into the law’s remaining patches of terra incognita.

As should now be clear, the legal incentives embedded in Section 6’s introduction of a new post-grant review process work to concentrate this same process within the PTO. Thus, the AIA’s likely impact in this regard is a short period of legal uncertainty as patent chal-

281 See id. (noting the PTO often granted patents instead of denying them because of uncertain law in courts regarding process patent eligibility).
282 See id. at 530 (noting how Supreme Court’s decision to not treat the “machine-or-transformation” test as dispositive of whether invention involved patentable subject matter).
283 See id. (stating if left unchecked it might have pushed the boundaries of subject matter patentability even further).
lengers are steered toward the new PGR process. In the long run, however, the AIA’s empowerment of the PTO, in combination with its insistence on expeditious verdicts, will likely produce a series of PTO-backed decisions that will clarify, rather than expand, many of the unresolved patentability issues raised in *Bilski II*.286

C. Transitional Post-Grant Review Process for Business Method Patents

Further support for this conclusion can be drawn from Section 18 of the AIA, which has established a special “transitional post-grant review proceeding for review of the validity of covered business method patents” as of September 16, 2011.287 The passage of Section 18 of the AIA sets to rest any questions of whether business methods are patentable subject matter.288 However, a “covered business method patent” and what qualifies as a business method patent will still be subject to the AIA and existing law such as *Bilski II*.289 The AIA defines “business method patent” as any patent that claims “a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”290

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285 See id. (imposing a nine month filing deadline on a petition for a post-grant review).
286 See *Bilski*, 130 S. Ct. at 3231 (leaving open questions of the patentability of business processes); see also Lemley, supra note 260 (noting that the precise timetable here is somewhat unclear because “during the several-year period in transition from first to file, neither inter partes reexam [sic.] nor post-grant opposition appears to be available during the first nine months of a patent term. That omission seems to be inadvertent, as a result of the complex effective date provisions”).
287 See Leahy-Smith America Invents Act § 18, at 289. Note the contrast with the 2015 implementation date for normal PGRs. See id. (proscribing the transitional proceeding implemented pursuant to the post-grant review process).
289 See Leahy-Smith America Invents Act, § 18(d)-(e), at 331 (defining a business method patent and mandating that it be read in conjunction with patent-eligible statutes and case law).
290 Leahy-Smith America Invents Act, § 18(d)(1), at 331.
These special business method PGRs will be conducted along the same lines as normal PGRs, and thus represent the emergence of a juridical dynamic within the PTO identical to the one discussed above. Nevertheless, the AIA makes clear that transitional PGRs for business patents differ from all other PGRs in three important ways: (1) the transitional PGRs implemented under Section 18 will be phased out in eight years, (2) transitional PGRs can be instituted at any time in the life of a business process patent, and (3) transitional PGRs allow patent challengers to advance invalidity claims that would otherwise be inadmissible in a normal PGR.

Furthermore, although it remains unclear precisely how best to interpret some of Section 18’s key language – and thus it is difficult to immediately discern which existing patents will be exempt from these sorts of challenges – it is clear that phrases like “technological invention” or “financial product or service” must be defined by the PTO sooner rather than later. As commentators have noted, it will be interesting to see how the issues raised and the language used in

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291 See McCann & Genieser, supra note 240 (stating “[t]he transitional proceeding will be conducted the same way as the Post-Grant Review, discussed below, but with some adjustments to make transitional proceedings more favorable to patent challengers”).

292 See 35 U.S.C.A. § 321(c) (West 2011) (implementing sunset clause provision to phase out transitional PGRs over eight years).

293 See id. at § 321(a)(2) (granting statutory right to institute post-grant review of all business process patents that are covered either before, on, after the enactment of the AIA).

294 See McCann & Genieser, supra note 240 (noting: “[t]hus, unlike Post-Grant Review proceedings, transitional proceedings can be instituted any time in the life of the patent, not just within nine months of its issuance, and patent challengers get favorable treatment in a transition proceeding with respect to motions to stay injunctive relief, prohibitions on raising invalidity issues in court that could have been raised in the PTAB, and time deadlines with respect to patents that have been reissued”).

295 See Marin Cionca, 200 Years of American Patent Law Tradition – Gone! An Overview of the 2011 America Invents Act, CAL. B. J. (Mar. 2012), archived at www.perma.cc/EY8F-Y3KU (explaining “[t]he affected [business process] patents include the ones directed at ‘method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.’ It is unclear at this point what the term ‘technological inventions’ means, and thus, what patents will be excluded from this type of attack. More guidance is expected and needed from the USPTO and the cases that will follow”).
Bilski II will shape the legal evolution of these terms under the new regime. Fortunately, clarity on these issues will likely not be long in coming, given that the “open window” during which virtually all existing and future business process patents may be challenged has been set in Section 18 at eight years, that the transitional PGRs established by Section 18 further lower the already diminished evidentiary standards of normal PGRs, and that both normal and business process patent PGRs are legally bound to render timely verdicts.

Another beneficial aspect of Section 18 of the AIA is that it should ease the burden of the courts in determining patent eligible business methods. Because the "line between a 'process' and an unpatentable 'principle' is not always clear[,]" keeping some of these disputes out of the courts may ease the court's struggle to define a test for business method patents. "The concept of patentable subject matter under § 101 is not 'like a nose of wax which may be turned and twisted in any direction ." Judges have struggled at times to comprehend the patents before them, and the AIA’s Section 18 will help keep some of these difficult process patent determinations out of the courts and ease the concerns of creating a definitive test for business method patent eligibility.

The AIA’s own language, which made the unusual decision to allow PGRs of business process patents immediately, reinforces a gen-

296 See id. (stating “[i]t would also be interesting to see how the holdings from the Bilski case … a cornerstone case implicating business method patents, will be used in disputes under this new review procedure.”).
297 See id. (summarizing the newly-instituted post-grant review process for business method patents as expiring eight years after the date’s enactment).
298 See id. (commenting how Section 18 could allow the review of patents to be quicker and relatively inexpensive when compared to protracted litigation).
299 See id. (citing Flook, 437 U.S. at 589 (noting the difficulty in determining process patent eligibility)).
300 See Masur, supra note 280, at 502 (stating "the judges of the Federal Circuit will simply err some proportion of the time, voting to grant patents that they mean to deny (or reject patents they mean to grant) because they misunderstand the technology at issue or the law."); see also Bilski, 545 F.3d at 1014 (Rader, J., dissenting) (arguing the courts did not understand the patent at issue in Metabolite).
301 See Parasidis, supra note 167, at 365-66 (noting the multiple tests for process patents that have been unsuccessfully used by courts).
eral feeling of urgency. It also suggests that the Act’s authors were not only aware of the issues surrounding the patentability of business processes, but that they also found the quick and definitive resolution of those issues attractive. If indeed this is correct, and if the sweeping changes implemented by the AIA unfold as predicted above, then the AIA may well offer new hope to business process applicants, patent attorneys, and federal judges seeking answers to long-standing process patentability questions.

D. Current State of Business Method Patents

The impact of the State Street decision on the patentability of business methods cannot be overstated, as applications for business method patents have skyrocketed since 1998. Even though State Street, Bilski II, and the AIA have clearly articulated the subject matter patentability of business method patents, concerns still exist that business method patents are unnecessary, unpatentable abstract ideas, and a severe restriction on business. While there are potentially unlimited amounts of causes for the negative view of business method patents, one main reason is the large amount of lawsuits involving prominent U.S. and international companies. For example, the rate of litigation for financial service business method patents is twenty-seven times greater than the rate of patents as a whole. Furthermore, many of these lawsuits have been viewed as an attempt to re-

303 See Leahy-Smith Americca Invents Act § 18 (discussing the transitional proceeding implement under the AIA, which mandates the standards and procedures of post grant review).
304 See Elizabeth Milesnick & Chandra Eidt, Breaking News: Newly Signed ‘America Invents Act’ Changes the Face of Patent Law, MILLERNASH (Sept. 22, 2011), archived at www.perma.cc/VA6P-JFNM (stating the first to invent rule was replaced by the first to file).
305 See id. (summarizing the changes to copyright law the AIA implemented).
306 See Miller, supra note 3838, at 44 (stating that in 1998 there were 1,500 process patent claims filed and by 2001 there were over 9,000 applications).
307 See Miller, supra note 38, at 39-40 (discussing the State Street period, the Bilski period, and the AIA).
309 See id. at 4 (explaining that parties are exploiting the patent system in this arena).
strict open business competition through the use of overreaching business method patents.  

Almost immediately after State Street, large companies began filing business method patents and lawsuits to enforce their newly acquired legal rights. For example, one of the most famous business method patent lawsuits centered around Amazon’s business method patent of the one click shopping checkout process. In 2009, one year after State Street, Amazon filed suit against for patent infringement on the “one click” shopping process patent. However, in 2001, the case was vacated due to an out of court settlement.

In a similar fashion, NetFlix sued Blockbuster in 2006, arguing Blockbuster was infringing on its business method patent of renting videos to consumers through the use of an internet connected computer. Again, this case was settled outside of court, with multiple


312 See Amazon.com, Inc. v. Barnesandnoble.com, Inc., 73 F. Supp. 2d 1228, 1231 (W.D. Wash. 1999), vacated, 239 F.3d 1343 (Fed. Cir. 2001) (describing Amazon’s one click process patent stating “[t]he ‘411 patent, in essence, describes a method and system in which a consumer can complete a purchase order for an item via the Internet using only a single action (such as a single click of a computer mouse button) once information identifying the item is displayed to the consumer”).

313 See Amazon.com, 239 F.3d at 1343 (vacating the Amazon v. Barnesandnoble.com court case).

314 See Netflix, Inc. v. Blockbuster, Inc., No. 06-2361, 2006 WL 2458717, at *2 (N.D. Cal. Aug. 22, 2006) (setting forth Netflix’s claim 1 patent); see also U.S. Patent No. 7,024,381, at [6] (filed May 14, 2003) (stating “[a] computer-implemented method for renting movies to customers, the method comprising: providing electronic digital information that causes one or more attributes of movies to be displayed; establishing, in electronic digital form, from electronic digital information received over the Internet, a movie rental queue associated with a customer comprising an ordered list indicating two or more movies for renting to the customer; causing to be delivered to the customer up to a specified number of movies based upon the order of the list; in response to one or more delivery criteria being satisfied, selecting another movie based upon the order of the list and causing the selected movie to be delivered to the customer; and in response to other electronic digital information received from the customer over the Internet, electronically updating the movie rental queue”).
news sources reporting a favorable settlement in favor of Netflix.\footnote{315} Additionally, this raised concerns because of Blockbuster’s already struggling business and could have helped contribute to Blockbuster’s bankruptcy filing within two years of the settlement.\footnote{316}

In a third case, Research in Motion (RIM), popularized by its Blackberry phone, was sued by NTP, Inc. for patent infringement.\footnote{317} The patent in question dealt with a process of transmitting emails across a wireless network to phones.\footnote{318} NTP won the case and was granted an injunction to stop RIM’s use of the process, resulting in a settlement of $600 million from RIM to NTP.\footnote{319}

Despite the increased litigation costs and frequency of lawsuits associated with business method patents, these process patents play a crucial role for large financial and software companies.\footnote{320} To illustrate the importance of business method patents, IBM (590 patents), Microsoft (185 patents), Sony, (142 patents), Hewlett-Packard, Fujitsu, AT&T, Oracle, Ebay, Amazon, and Pitney Bowes were the top ten business method patent filers from 2006-2010.\footnote{321} Additionally, these companies sink a tremendous amount of R&D money into de-

\footnotesize{\textsuperscript{315} See Blockbuster, Netflix Settle Patent Dispute, REUTERS (June 27, 2007), archived at www.perma.cc/NR7E-YTQ2 (stating Netflix’s stock price went up 5% and Blockbuster’s declined 1% after news of the settlement was released, indicating a favorable outcome for Netflix).} 
\footnotesize{\textsuperscript{316} See Dawn McCarty et al., Blockbuster Files for Bankruptcy After Online Rival Gains, BLOOMBERG (Sept. 23, 2010), archived at www.perma.cc/R3YS-FSJH (stating “[b]lockbuster Inc., the world’s biggest movie-rental company, filed for bankruptcy after failing to adapt its storefront model to online technology pioneered by rivals such as Netflix Inc.” and indicating Netflix’s success partially contributed to Blockbuster’s business losses).} 
\footnotesize{\textsuperscript{317} See NTP, Inc., 418 F.3d at 1289 (describing the patents at issue).} 
\footnotesize{\textsuperscript{318} See id. (stating “[t]he BlackBerry system uses ‘push’ email technology to route messages to the user’s handheld device without a user-initiated connection”).} 
\footnotesize{\textsuperscript{320} See Duffy, supra note 7, at 1248 (describing the contributions of business method patents).} 
\footnotesize{\textsuperscript{321} Scott McKeown, Proper Business Method Patent Challenges Under the America Invents Act, PAT. LAW INST. (Aug., 16, 2011), archived at www.perma.cc/9KC8-4XEQ (setting forth the top 10 business method patent filers in the U.S.).}
veloping business method patents in the hopes of creating value for
the company. As such, almost two thirds of the value of the top
150 U.S. companies is derived from intangible assets. The reliance
on business method patents by large U.S. companies and the value
associated with them illustrates their importance and illustrates how
technology has changed in a more digital and idea based economy.

VI. CONCLUSION: WORKABLE SOLUTIONS

A. How Process Patent Claims Should be Judged in the
Future: Reviving the Patent Act’s “Useful” Language

The Supreme Court has stated that the MOT test is not the sole
controlling test for process patent claims and, at the same time, it in-
vali
dated the Useful, Concrete, and Tangible test without providing
new guidance for determining patent process eligibility. While the
MOT test is not the officially mandated test governing process claim
patents, there are no examples of a process claim failing the MOT
test but still being recognized as a valid patent claim. When the
MOT test is used to help determine the eligibility of a process claim,
failure to meet the MOT test’s requirements should not spell automa-
tic denial of a process patent claim. The sole reliance on the MOT
test has significantly reduced the original statutory scope of § 101’s
intended coverage. Additionally, the MOT test, which lacks any

322 See Cameron H. Tousi & Ralph P. Albrecht, Do Business Method Patents Hurt
or Help?: A financial Industry Perspective, 14 VA. J.L. & TECH. 147, 160 (2009)
(noting that U.S. companies spend a tremendous about of money developing busi-
ness methods and processes).
323 See id. at 169 (stating the value of many U.S. companies is tied to intangible
processes and other assets like business method patents).
324 See Orozco, supra note 311, at 9 (noting how important business method patents
and process based technology have become for the U.S. economy).
325 See Bilski, 130 S. Ct. at 3231 (stating nothing in the opinion should be read as
endorsing tests used in the past, e.g. State Street’s useful and tangible results test).
326 See Moore, supra note 78, at 15 (asserting that the MOT test, as applied by the
statutory requirement, has resulted in “inconsistent results when applied across a diverse range of technologies.”

State Street, the Patent Act, and U.S. patent law history indicate that business process patents should be patentable. Congress specifically drafted the Patent Law Acts to have broad subject matter patentability. While the judiciary must determine and construe the exact language of the Patent Law Act to determine which business method process claims are patentable, there are no statutory requirements mandating the use of the MOT test.

While the MOT test provides value in determining some business process patents, failure to meet requirements of the MOT test should not de facto disqualify a process claim from patentability. Instead, a more flexible and adaptable standard should be used to determine process patent eligibility that better reflects the intent of the Patent Law Act and U.S. Patent Law history.

Additionally, as stated in State Street, "[w]hether the claims are directed to subject matter within § 101 should not turn on whether the claimed subject matter does 'business' instead of something else." With no statutory bar against business method patents, these process claims should be allowed as long as they satisfy the rigorous patentability standards set forth in the Patent Law Act. The primary justification for patent law is to improve society through the introduction of new inventions. Any patent claim, including business method patent claims, that meet all the statutory requirements set forth to further this goal should be allowed.

Therefore, if a business process is novel, non-obvious, and adequately described, no bar to patentability should exist, whether or not the process is tied to a machine or transforms something physical, be-

327 See Parasidis, supra note 167, at 326 (noting the tests currently used produce erratic and uncertain results for technology development and may have international implications).
329 See State Street, 149 F.3d at 1377 (citing Examination Guidelines, 61 Fed. Reg. 7478, 7479 (Feb. 28, 1996)).
330 See Risch, supra note 69, at 657-58 (stating Congress controls patent law to promote useful arts).
cause no statutory basis exists to exclude a business method from the process category based on the MOT test. Ultimately, a return to the State Street Useful, Concrete, and Tangible test would better reflect the original intent of the Patent Law Act by not overly restricting valid process patent claims. In the absence of an explicit statutory bar, courts and the USTPO should grant business process patent claims that meet the broad statutory requirements of the Patent Law Act and should not be held hostage to entirely judicially created tests such as the MOT test.

Furthermore, the MOT test and Bilski II have created greater confusion and business method patent litigation rather than simplifying the process. Business method patent litigation occurs at a greater frequency than general patent litigation. This can be directly tied to both the importance of business method patents for businesses and the uncertainty created by the MOT test. Ultimately, the courts need to revive the useful language of the Patent Act to provide a more workable solution to the determination process of a business method patent.

331 See 35 U.S.C. §§ 1-376 (setting forth the statutory standards for patent law subject matter eligibility).