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Patent Law Update: *Bilski v. Kappos*

Supreme Court Rejects "Machine-or-Transformation" Test as "Sole" Test for Patentability of Processes; Narrow Majority Refuses Categorical Exclusion of Business Methods

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The Supreme Court's long-awaited decision in *Bilski v. Kappos*[1] leaves virtually untouched the air of uncertainty as to the boundaries of patentable processes engendered by the Federal Circuit's *en banc* decision in *In re Bilski*.[2] What is most clear—a proposition unanimously agreed upon by the Justices—is that the Federal Circuit's "machine-or-transformation" test is not the "sole test" for subject-matter eligibility of processes under Section 101, although the Justices further agree that it provides an "important clue."[3] What was also agreed upon by all the Justices is that Bilski's claims to methods for hedging risks in commodities trading are outside the scope of Section 101. What divided the Court is *why* those claims fail to satisfy Section 101, providing substantial fuel for scholarly and legal debate over the extent to which other business-method claims (as well as software and biomedical claims) may now pass muster and be patentable.

Justice Kennedy's majority opinion for the divided (5-4) Court acknowledges the usefulness of the "machine-or-transformation" test, but reaches back to the Court's decades-old precedent predating the Federal Circuit (*Benson*, *Flook*, *Diehr*)[4] to support affirming the Federal Circuit's rejection of Bilski's claims as impermissibly encompassing "abstract ideas."[5] Yet, despite Justice Kennedy's expressed distaste for business method patents in *eBay*,[6] the Kennedy majority splits from the Stevens minority over whether to sound the death knell for so-called "business method" claims. Keeping the door open just enough for business-method patent advocates to proclaim victory,[7] Justice Kennedy writes, "[t]he Court is unaware of any argument that the 'ordinary, contemporary, common meaning,' of 'method' excludes business methods."[8] At the same time, however, the majority invites the Federal Circuit to continue developing "other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text."[9]

Justice Stevens's much lengthier concurrence, rich with historical perspective, takes issue with the majority's reticence to end the ongoing debate over patentability of business methods. Justice Stevens urges that the "wiser course" would have been to hold outright that "a claim that merely describes a method of doing business does not qualify as a 'process' under §101."[10] Justice Stevens further laments that the Court "never provides a satisfying account of what constitutes an unpatentable abstract idea."[11]

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Justice Breyer's concurrence (joined in part by majority-member Justice Scalia) highlights the points of common ground among the Justices, further emphasizing the importance of the "machine-or-transformation" test as a determinant of patent-eligible subject matter (albeit non-exclusive).[12]

Given the lack of a specific test for the patentability of business method claims, as this Article discusses below, the evolution of the law in the wake of the Supreme Court's decision in *Bilski* is likely to follow its existing course, with perhaps a pause as courts take care to abide by *Bilski*'s admonishment not to apply the "machine-or-transformation" test as the "sole" test. While no longer the "sole" test, however, the "machine-or-transformation" test is likely to be viewed as a safe harbor, and advocates of patentability may focus their energies on meeting that test. Toward that end, Judge Michel's opinion for the *en banc* Federal Circuit remains apposite—indeed, Justice Kennedy expressly urges students of patent law to study the Federal Circuit's multiple "scholarly opinions" in *Bilski*.[13] Opponents, on the other hand, are well-advised not only to study *Bilski* and its progeny for examples of exclusions from the "machine-or-transformation" test, but also to brush up on the Supreme Court's cache of pre-Federal Circuit decisions on the contours of unpatentable "abstract ideas."[14]

The Federal Circuit's implementation of *Bilski* will soon be tested in a collection of biomedical cases (two promptly remanded by the Supreme Court in light of *Bilski*)[15] pending before the court in which it will have occasion to explore the boundaries between an abstract idea or natural phenomena, and a process involving a medical method or method of diagnosis.

This Article details below the Supreme Court's *Bilski* decision, and provides analysis of its immediate and future implications, including the impact this decision may have on the life sciences industry, internet start-ups, and the portfolios of private equity investors.

Background: The Federal Circuit's Adoption of the "Machine-or-Transformation" Test

The *Bilski* case turns on construction and application of 35 U.S.C. § 101 ("Section 101") of the patent statute, which defines patentable subject matter:[16]

> Whoever 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 therefor, subject to the conditions and requirements of this title.

In this case, the patent application submitted by Bilski was directed to a method of "hedging" in securities trading that purports to manage the "consumption risk costs of a commodity." The claims were deemed by the examiner to cover merely an abstract idea that was not limited by any specific apparatus, and hence were all rejected under Section 101 as falling outside the scope of a patentable "process."[17] The Board of Patent Appeals and Interferences affirmed the examiner's rejection.[18]

In a divided *en banc* decision, the Federal Circuit affirmed the Board of Patent Appeals and Interferences' rejection of all of Bilski's pending claims.[19] Although acknowledging that the term "process" in Section 101 has a very broad ordinary meaning, the majority opinion, authored

by Judge Michel, explained that Supreme Court precedent has adopted a more restrictive definition, in which processes are not patent-eligible if they claim "laws of nature, natural phenomena [or] abstract ideas."[20] Noting that the "true issue" before the court was whether the applicants were trying to claim a "fundamental principle," the majority opinion then distilled the Supreme Court's series of decisions in *Benson*, *Flook,* and *Diehr* to the following "definitive" test: "[a] claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing" (emphasis in original).[21]

Applying the new test, and the Federal Circuit majority concluded that the pending patent claims were unpatentable because they were drawn to a "non-transformative process that encompasses a purely mental process of performing requisite mathematical calculations."[22]

The Supreme Court's Return to Pre-Federal Circuit Precedent

The Supreme Court's grant of Bilski's petition for certiorari re-fueled the fires of speculation over the fate of business-method patents, and further renewed the debate over the continued viability of software and biomedical patents. Over 60 *amici*, with heavy representation of software and biomedical interests, academia, and numerous professional associations across the country, filed briefs—the vast majority of which urged rejection of the exclusivity of the Federal Circuit's "machine-or-transformation" test. Post-briefing debate over the ultimate outcome was allowed to span nearly an entire term of the Court, from argument in early November to issuance of the opinion at the very end of the term on June 28, 2010.

Majority Opinion (**Kennedy**, Roberts, Thomas, Alito, Scalia*)

The 5-4 majority opinion, penned by Justice Kennedy, is relatively concise, and centers on three basic principles:

- **"Machine-or-Transformation" Test Important But Not Exclusive:** The Court approved the "machine-or-transformation" test as a "useful and important clue or investigative tool," but disclaimed it as the "sole" test for patentability of processes under Section 101.[23] The Court agreed that the "machine-or-transformation" test reasonably found support in its precedent, but explained that the Court had never endorsed that test as exclusive, and doing so would "violate[] statutory interpretation principles."[24]
- **No Categorical Exclusion of Business Methods:** Although the Court was unanimous on its limited approval of the "machine-or-transformation" test, the Court divided over whether to categorically exclude business-method claims under Section 101. Justice Kennedy defended the majority's refusal to agree to a categorical exclusion on principles of statutory construction, noting that "[t]he Court is unaware of any argument that the 'ordinary, contemporary, common meaning' … of 'method' excludes business methods."[25] Justice Kennedy further supported this conclusion by reference to Section 273 of the Patent Statute, which was enacted relatively recently by Congress to create a prior-use defense to, *inter alia*, claims covering "a method of doing or conducting business."[26] Given Congress's apparent express recognition of business-method patents in Section 273, categorically excluding

business methods from Section 101 would, Justice Kennedy wrote, render Section 273 "meaningless."[27]

- **Bilski's Claims Rejected Under Existing Supreme Court Precedent as Unpatentable "Abstract Ideas":** Turning to Bilski's claims, the Court soundly rejected them, with the Justices dividing only on the basis of the rejection. The majority premised the rejection on "our precedents on the unpatentability of abstract ideas," explaining:[28]

  > The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea, just like the algorithms at issue in *Benson* and *Flook*. Allowing petitioners to patent risk hedging would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea.

The majority's parting words cautioned that the Court's opinion should not be read as endorsing the Federal Circuit's past interpretations of Section 101, calling out *State Street Bank* by way of example.[29] The Court nevertheless returned the baton to the Federal Circuit, closing by noting that "we by no means foreclose the Federal Circuit's development of other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text."

Justice Kennedy's Concurrence (**Kennedy**, Roberts, Thomas, Alito)

Two portions of Justice Kennedy's opinion represent non-precedential concurrences in view of Justice Scalia's departure from the majority as to those portions. Justice Kennedy emphasized the need for the law to keep up with changing times, and noted in particular the difficulty that courts may face in applying the "machine-or-transformation" test to "emerging technologies."[30] Justice Kennedy also expressly left the door open for some business methods, explaining that even with exclusion of patents covering "abstract ideas," "the Patent Act leaves open the possibility that there are at least some processes that can be fairly described as business methods that are within patentable subject matter under §101."[31]

Justice Stevens' Concurrence (**Stevens**, Ginsburg, Breyer, Sotomayor)

Tracing the history of the law in detail, Justice Stevens asserted in his concurrence that the "wiser course" would have been to hold outright that "a claim that merely describes a method of doing business does not qualify as a 'process' under §101." Justice Stevens further disagreed with the majority's reliance on Section 273, countering that Congress's language instead more likely reflected a reaction to the Federal Circuit case law at the time and "surprise and perhaps even dismay that business methods might be patented."[32] With regard to the majority's grounds for rejection of Bilski's claims, Justice Stevens lamented that the Court "never provides a satisfying account of what constitutes an unpatentable abstract idea."[33]

Justice Stevens has now retired from the Court. Given the lingering uncertainty following *Bilski*, the candidate for his replacement, Solicitor General Elena Kagan, will potentially be a key influence on the future direction of the Court on the patentability of business methods. Two facts of note are that Ms. Kagan, in her role as Solictor General, first urged the Court not to grant *certiorari* on the Bilski claims because, *inter alia*, they did not provide a good vehicle to examine Section 101; she then joined as Counsel of Record for the respondent in *Bilski*, wherein the Patent Office argued that Bilski's claims fell outside the scope of Section 101 the claimed method "relates solely to human conduct, untethered to any technology—any machine or

transformation of matter."[34] Many commentators, however, caution against drawing conclusions from that briefing as to Ms. Kagan's own personal views.[35]

Justice Breyer's Concurrence (**Breyer**, Scalia*)

Justice Breyer's concurrence focused on several points of common ground among the Justices, including in particular the importance of the "machine-or-transformation" test as a nonexclusive test for patentable subject matter under Section 101.[36]

Analysis

Although the Federal Circuit's *en banc In re Bilski* decision was hailed as representing a fundamental change in the law, the Supreme Court's decision in *Bilski v. Kappos* purports to be simply a retreat in the law from the high-water mark of the Federal Circuit's decision in *State Street Bank* and a return to the pre-Federal Circuit principles of *Benson*, *Flook*, and *Diehr*. Owners of so-called "business method" patents may in fact breathe a sigh of relief, as the Court's refusal (albeit by a narrow majority) to categorically exclude certain categories of inventions from the scope of patentable processes—including business methods—provides basis for continued arguments that these types of claims remain viable.

Back at the Federal Circuit

The ball is now back in the Federal Circuit's court as the Supreme Court declined to fashion its own test, instead expressly reserving that role to the Federal Circuit, albeit with a few express limitations.

Possible clues as to the future direction of the court may be found in now-Chief Judge Rader's separate opinion in *Bilski*, in which he dissented on the ground that the majority's opinion was an unnecessary disruption of "settled and wise principles of law."[37] Under Judge Rader's view, Section 101 broadly covers "any" process and does not carve out certain types of processes as eligible for patent protection.[38] In an analysis echoed by the Kennedy majority, Judge Rader asserted that the Federal Circuit's *Bilski* decision "invents several circuitous and unnecessary tests," and argued that Bilski's claims should simply have been rejected under existing law as claiming an "abstract idea."[39] Judge Rader further warned, similarly to Justice Kennedy's concurrence in *Bilski*, that strict application of the "machine-or-transformation" test risks "precluding patent protection for tomorrow's technologies."[40]

The public will not have to wait long for the next word from the Federal Circuit. The Federal Circuit has the immediate opportunity to speak on the subject, as it has accumulated a backlog of appeals that were stayed pending the Supreme Court's decision.[41] In addition, the *Classen* and *Prometheus* cases are back at the Federal Circuit, following the Supreme Court's prompt granting of certiorari, vacating the decisions below, and remanding them in light of *Bilski*.[42] These cases provide an ample platform for the Federal Circuit to provide further guidance on utilizing the "machine-or-transformation" test as an important clue in differentiating patentable subject matter from "abstract ideas" and other unpatentable subject matter under Section 101.

BPAI Decisions As Possible Source of Additional Tests

Given its rejection of the "machine-or-transformation" test as the "sole test" with respect to patent eligibility *and* its disapproval of the *State Street Bank* test, the Court provided an opportunity for adjudicators and attorneys to rely on other tests or investigative tools to apply the abstract idea concept. In view of this open invitation, many commentators have questioned where such "other tests" or investigative tools might be found. Potentially fertile ground with useful tests and fact patterns with respect to "abstract ideas" lies in decisions by the Board of Patent Appeals and Interferences ("BPAI"). In contrast to district court opinions, BPAI opinions are reviewed by the Federal Circuit with less frequency, which implies that they could potentially provide relatively-reliable alternative tests to use in tandem with the "machine-or-transformation" test.

Since the Federal Circuit issued its *en banc Bilski* opinion—but before the Court issued its opinion—the BPAI has affirmed several rejections of claims based on a determination that they contained no more than "abstract ideas." Some sidestepping *Bilski* altogether, these opinions generally rely on older Supreme Court and Federal Circuit precedent in making those determinations.[43] For example, in *Ex Parte Bodin*, without citing to *Bilski*, the BPAI concluded that a claim reciting software modules for processing listing data in a network-based environment commerce system was patent-ineligible because software modules without more were not patent-eligible.[44] In *Ex Parte Amorin*, the BPAI found ineligible claims relating to a method of (1) "profiling" source data; (2) performing "metadata level" and "data content level" analyses; and (3) creating respective "quality tags" to identify metadata and data problems, because the method "can be performed entirely mentally."[45] Although the *Amorin* opinion did consider the Federal Circuit's *Bilski* opinion, it also based its decision on various other authorities, including Supreme Court and older Federal Circuit jurisprudence.[46]

Practice Notes

The full impact of *Bilski* may not be seen for years. Meanwhile, the following areas are likely to experience immediate as well as long-term effects:

- **Patent Prosecution:** In an unusually swift action having short-term immediate impact, the Patent Office published a memorandum—on the same day that the *Bilski* opinion issued—to its examining corps with guidelines that direct the examiners to continue to utilize the "machine-or-transformation" test, and effectively creating a rebuttal presumption of unpatentability if that test is failed: "If a claimed method does not meet the machine-or-transformation test, the examiner should reject the claim under Section 101 unless there is a clear indication that the method is not directed to an abstract idea."[47] An applicant may then attempt to rebut that presumption by either debating the issue—pointing out claim language that it believes should bring the claim within the ambit of the "machine-or-transformation" test—or amending the rejected claims.

  Bilski's discussion of the significance of other patentability requirements under the Patent Act, such as those contained in Sections 103 and 112, may also provide parties with additional support and/or motivation to file interferences at the Patent Office based on such

requirements. Given the majority opinion's emphasis on those Sections, examiners might be persuaded to review with a keener eye, *e.g.*, claims' obviousness and definiteness.

- **Claim Construction:** The vulnerability of many process patent claims after *Bilski* will breathe new life into the tension between two competing canons of claim construction: (1) claims should be construed, where possible, to preserve their validity; but (2) courts cannot redraft claims. Patentees will likely invoke the first principle in seeking narrowing constructions to ensure that their claims, as construed, can pass the *Bilski* "machine-or-transformation" test. Accused infringers will, of course, have the opposite incentive, and will argue against redrafting claims.
- **Summary Judgment**: As a threshold question of law, patent eligibility under Section 101 is especially amenable to resolution on summary judgment. The *Bilski* decision may support summary-judgment motions by parties facing infringement claims under pure process claims—especially so-called "business methods." The process of summary determination under Section 101 may, in turn, expedite the evolution of the *Bilski* doctrine, as courts turn their focus in pending cases to this fundamental issue, placing issues of infringement and novelty on the back burner.
- **Reissue / Stays of Litigation:** Patentees who recognize the futility of asking the courts to redraft their vulnerable process claims may go back to the Patent Office after *Bilski* to seek narrowing reissues rather than risk losing their patent claims altogether. Subjecting patents to reissue may, in turn, delay resolution of litigation because patentees will likely seek to stay any pending litigation as they try to revise their patent claims to pass the *Bilski* test. Of course, patent owners who resort to this procedure must keep in mind the doctrine of intervening rights, which will impact (and possibly block) infringement claims against activities commenced prior to reissuance that infringe only new or amended claims in the reissue patent.
- **Declaratory Judgments:** The Supreme Court's recent decision in *MedImmune* paved the way for licensees to seek declaratory judgments of invalidity of their licensed patents.[48] The *Bilski* decision may spawn additional declaratory-judgment complaints by licensees under vulnerable process claims, who will have renewed incentive (and ammunition) for challenging those claims. This procedure will not, however, open up all process patent licenses to attack. Because licensees to fully paid-up license agreements have little or no incentive to invalidate their licensed patents, this procedure will likely be invoked only as to patents licensed under continuing royalty obligations.

Impact on Certain Other Industries

- **Life Sciences:** The potential impact of *Bilski* in the biotech and pharmaceutical industries was one of the heavily debated topics during the pendency of the Court's decision. There are several common types of process or method claims in pharma and biotech patents.

Methods of Treatment: These are typically used where a new therapeutic use is discovered for a known compound. There appears to be a consensus among practitioners in the life sciences field that method of treatment claims are highly likely to satisfy the machine-

or-transformation test because, by definition, they involve some physical transformation of the organism being treated.

Methods of Diagnosis: Another significant category is "method of diagnosis" claims. The impact of *Bilski* may be greater on such claims because, almost by definition, diagnosis involves comparing test results against a previously established baseline, which may be vulnerable to challenge as an abstract idea.

DNA, Proteins and Therapeutic Pathways: Practitioners have also expressed concern that *Bilski* might impact patentability of DNA, proteins, and therapeutic pathways based on the argument that these are "natural phenomena" and therefore excluded from the scope of Section 101. The *Bilski* decision contains very little discussion of the natural-phenomena exclusion, however, and therefore it is unlikely to affect the debate one way or the other. The issue is currently working its way through the courts in the *Myriad*[49] case, which may provide a vehicle for the Supreme Court to address it in the relatively near future.

- **Internet Start-ups:** Because business methods and other "intangible" inventions, including software patents, have survived *Bilski*, Internet start-up companies in certain markets may continue to face barriers to entry by established businesses who have blocking patents. Justice Stevens warned of that very prospect, writing in his concurrence that business-method patents "can take a particular toll on small and upstart businesses."[50] Characterizing patents on business methods as "patents on business itself," Justice Stevens continued: "Therefore, unlike virtually every other category of patents, they are by their very nature likely to depress the dynamism of the marketplace."[51]
- **Private-Equity Investing:** Although the Court did not adopt Justice Stevens' views as the majority view, private-equity investors would nevertheless be well-advised to review the software and business method patents of their portfolio companies, especially in the case that investment valuations were based on revenue streams from software or business method patents that may still be in question after the *Bilski* decision. Investors may wish to request that portfolio companies engage in one of the strategies listed above (*e.g.*, seeking a reissue) to attempt to preserve the value of their investments.

Conclusion

The long-awaited *Bilski* decision answers few questions, and continues to leave courts, litigants, patent owners, and licensees debating where to draw the boundary line around patent-eligible processes. The residual uncertainty is viewed as good news for owners of business-method patents, as the lack of a clear ban gives them hope to continue to advance their cause.

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Endnotes

[1] *Bilski v. Kappos*, __ U.S. ___, 2010 U.S. LEXIS 5521 at *22 (June 28, 2010).

[2] *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008) (*en banc*).

[3] *Bilski*, 2010 U.S. LEXIS 5521 at *18.

[4] *Gottschalk v. Benson*, 409 U.S. 63 (1972); *Parker v. Flook*, 437 U.S. 584 (1978); *Diamond v. Diehr*, 450 U.S. 175 (1981).

[5] *Bilski*, 2010 U.S. LEXIS 5521 at **29-30.

[6] *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 396 (2006) (Kennedy, J., concurring) ("[I]njunctive relief may have different consequences for the burgeoning number of patents over business methods, which were not of much economic and legal significance in earlier times. The potential vagueness and suspect validity of some of these patents may affect the calculus under the four-factor test.").

[7] *See, e.g.*, Tony Dutra, *Supreme Court Rejects Bilski Abstract Ideas, Does Not Exclude Business Method Patents*, BNA PAT., TRADEMARK & COPYRIGHT J., June 28, 2010, *available at* http://news.bna.com/ptln/PTLNWB/split_display.adp?fedfid=17386882&vname=ptcjnotallissues&fn=17386882&jd=a0c3n9u6e2&split=0 (characterizing decision as "undoubtedly allaying the fears of thousands of holders of patents on business methods").

[8] *Bilski*, 2010 U.S. LEXIS 5521 at *22.

[9] *Id*. at *32.

[10] *Id*. at *34 (Stevens, J., concurring).

[11] *Id*. at *45.

[12] *Id*. at **113-14 (Breyer, J., concurring).

[13] *Id*. at *11.

[14] *See, e.g.*, *Diamond v. Diehr*, 450 U.S. 175 (1981); *Parker v. Flook*, 437 U.S. 584 (1978); *Gottschalk v. Benson*, 409 U.S. 63 (1972).

[15] *Mayo Collaborative Svcs. v. Prometheus Labs.*, 2010 U.S. LEXIS 5537 (June 29, 2010) (granting certiorari, vacating judgment, and remanding to Federal Circuit); *Classen Immunotherapies, Inc. v. Biogen IDEC*, 2010 U.S. LEXIS 5533 (June 29, 2010) (same).

[16] 35 U.S.C. § 101.

[17] *In re Bilski*, 545 F.3d 943, 949-50 (Fed. Cir. 2008) (*en banc*).

[18] *Id*. at 950.

[19] *Id*. at 949.

[20] *Id*. at 952.

[21] *Id*. at 952-54.

[22] *Id*. at 965.

[23] 2010 U.S. LEXIS 5521 at *18.

[24] *Id*. at *16.

[25] *Id*. at *22.

[26] *Id*. at **23-24; 35 U.S.C. § 273.

[27] 2010 U.S. LEXIS at *23.

[28] *Id*. at *30.

[29] *Id*. at **31-32 (citing *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998)).

[30] *Id*. at *20.

[31] *Id*. at *25.

[32] *Id*. at **90-91 (Stevens, J., concurring).

[33] *Id*. at *45.

[34] *Bilski v. Kappos*, No. 08-964, Brief for the Respondent (Sept. 2009), *available for download at* http://www.abanet.org/publiced/preview/briefs/pdfs/07-08/08-964_Respondent.pdf.

[35] Leigh Kamping-Carder, *Kagan a Wildcard in Future Bilski*, LAW360, June 20, 2010, *available at* http://topnews.law360.com/articles/178048.

[36] *Id*. at **112-15 (Breyer, J., concurring).

[37] 545 F.3d at 1011 (Rader, J., dissenting).

[38] *Id*. at 1011-12.

[39] *Id*. at 1015.

[40] *Id*. at 1015.

[41] *See, e.g.*, *Fort Props. Inc. v. Am. Master Lease, LLC*, No. 2009-1242 (appeal of Jan. 22, 2009 judgment from C.D. Cal. rejecting claims directed toward a method of "creating a real estate investment instrument adapted for performing tax-deferred exchanges"); *CyberSource Corp. v. Retail Decisions, Inc.*, No. 2009-1358 (appeal of March 27, 2009 judgment from N.D. Cal. invalidating claims directed toward a method of detecting Internet credit-card fraud); *Every Penny Counts, Inc. v. Bank of Am. Corp.*, No. 2009-1442 (appeal of May 27, 2009 judgment of M.D. Fla. invalidating claims covering "accumulating credits in surplus accounts from financial transactions"); *DealerTrack, Inc. v. Huber*, No. 2009-1566 (appeal of July 7, 2009 judgment from C.D. Cal. invalidating claims to a "computer aided method of managing a credit application"); *FuzzySharp Techs., Inc. v. 3D Labs., Inc.*, No. 2010-1160 (appeal of Dec. 11, 2009 judgment from N.D. Cal. invalidating claims to methods for "reducing the complexity of visibility calculations required for the production of multi-dimensional computer generated images").

[42] *Mayo Collaborative Svcs. v. Prometheus Labs.*, 2010 U.S. LEXIS 5537 (June 29, 2010) (granting certiorari, vacating judgment, and remanding to Federal Circuit); *Classen Immunotherapies, Inc. v. Biogen IDEC*, 2010 U.S. LEXIS 5533 (June 29, 2010) (same).

[43] *See, e.g.*, *Ex Parte Benny*, 2010 WL 2157835, *3-4 (B.P.A.I. May 28, 2010) (claim directed to a "solution scope" for a "technical framework" containing an idea or plan to perform IT services) ("We conclude that claim 23 is directed to a 'paradigm' and thus is nonstatutory under 35 U.S.C. § 101 as representing an abstract idea. … [It] is a mere meeting of the minds, the claimed 'contract' is clearly directed to an abstract intellectual concept or mental process.").

[44] 2010 WL 1734341, *4 (B.P.A.I. Apr. 28, 2010) ("[T]he system of the preamble appears to be a software system module that is directly claimed since this preamble also recites a module that merely comprises a user interface "component" as well as a query 'component', both of which appear to be software only entities. . . . [T]he mere fact that a component may be realized in hardware is not a specific recitation that it is a physical hardware component as claimed.").

[45] 2010 WL 2543661, *2-3 (B.P.A.I. Jun. 22, 2010).

[46] *Id.* (citing to, *e.g*., *Diamond v. Diehr*, 450 U.S. 175 (1981); *Parker v. Flook*, 437 U.S. 584 (1978); *Gottschalk v. Benson*, 409 U.S. 63 (1972); *In re Comiskey*, 499 F.3d 1365 (Fed. Cir. 2007); *In re Abele*, 684 F.2d 902 (C.C.P.A. 1982)).

[47] Memorandum from Robert W. Bahr, Acting Associate Comm'r, to Patent Examining Corps (June 28, 2010), *available for download at* http://www.uspto.gov/patents/law/exam/bilski_guidance_28jun2010.pdf.

[48] *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

[49] *Asso. for Molecular Pathology v. U.S. Patent & Trademark Office*, CA No. 09-CV-4515 (S.D.N.Y. Mar. 29, 2010), appeal pending, No. 2010-1406 (Fed. Cir., docketed June 22, 2010).

[50] 2010 U.S. LEXIS at *109 (Stevens, J., dissenting).

[51] *Id*.