

***Bilski* — Swinging Sideways**

Many regard the much-anticipated and much-delayed decision in *Bilski v. Kappos*, 130 S.Ct. 3218 (2010), as contributing little to debates over limits to patentable subject matter. Justice Kennedy's brief majority opinion, however, offers much to applaud.

All agreed that the invention in issue was unpatentable, but the reasons differed starkly. As widely appreciated, the patentability of business methods was the main bone of contention. Justice Stevens' longer concurring opinion, in which he was joined by Justices Ginsburg, Breyer and Sotomayor, says, "regardless of how one construes the term 'useful arts,' business methods are not included." *Id.* at 3243.

The majority nevertheless rejected that proposition, saying, "The term 'method,' which is within § 100(b)'s definition of 'process,' ... may include at least some methods of doing business." 130 S.Ct. at 3228. Moreover, it expressed concern about, "how far a prohibition on business method patents would reach, and whether it would exclude technologies for conducting a business more efficiently." *Id.*

Related to that issue is the significance of § 273(a)(3) and (b)(1). Together, they establish prior use as a defense to infringement of "business method" patents. Justice Stevens regarded those provisions as no more than an attempt to control damage done by *State Street Bank & Trust v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373 (Fed. Cir. 1998). *Bilski*, 130 S.Ct. at 3250-51. The majority, however, refused to "speculat[e] as to the subjective intent of various legislators in enacting" them. *Id.* at 3228.

Part II-B-2 of the same opinion says, "It is true that patents for inventions that did not satisfy the machine-or-transformation test were rarely granted in earlier eras, especially in the Industrial Age.... But times change. Technology and other innovations progress in unexpected ways. For example, it was once forcefully argued that until recent times, 'well-established principles of patent law probably would have prevented the issuance of a valid patent on almost any conceivable computer program.' But this

fact does not mean that unforeseen innovations such as computer programs are always unpatentable.” 130 S.Ct. at 3227 (citations omitted). That observation, however, carries no more weight than the concurring opinion because Justice Scalia did not join Parts II-B-2 and II-C-2. *Id.* at 3223, n.*.

Unfortunately, Part III of the majority opinion offers a disquieting observation. Referring to *Parker v. Flook*, 437 U.S. 584 (1978), it says, “The Court concluded that the process at issue there was ‘unpatentable under § 101, not because it contain[ed] a mathematical algorithm as one component, but because once that algorithm [wa]s assumed to be within the prior art, the application, considered as a whole, contain[ed] no patentable invention.’ *Id.*, at 594.” 130 S.Ct. at 1330.

That sentence relates more to § 103 than § 101, but Justice Stevens may have had it in mind when he wrote, “One might think that the Court’s analysis means that any process that utilizes an abstract idea is itself an unpatentable, abstract idea. But we have never suggested any such rule, which would undermine a host of patentable processes.” 130 S.Ct. at 1335.

Despite that comment, the majority’s statement that *Flook* assumed an algorithm to be within the prior art addresses a point that sparked sharp disagreement in *Diamond v. Diehr*, 450 U.S. 175 (1981). There, the majority said with regard to *Flook*, “To accept the analysis proffered by the petitioner would, if carried to its extreme, make all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, make their implementation obvious.” *Id.* at 189, n. 12.

Dissenting in *Diehr*, Justice Stevens in fact had urged the contrary, “Whether the algorithm was in fact known or unknown at the time of the claimed invention, as one of the ‘basic tools of scientific and technological work,’ it is treated as though it were a familiar part of the prior art.” 450 U.S. at 216, n.41 (quoting *Flook*, citations omitted). But he was outvoted. Assuming legal unity of “abstract ideas”, “algorithms,” and “principles of nature,” that he was outvoted would seem to keep the point fresh in his mind three decades later. Still, it afforded no incentive to dwell on the point.

Justice Breyer also wrote a short opinion saying, “I join Justice Stevens’ opinion

in full. I write separately, however, in order to highlight the substantial agreement among many Members of the Court on many of the fundamental issues of patent law raised by this case." *Id.* at 3258. Ironically, he was the only one to endorse that proposition.

He went on to articulate "four points... consistent with both the opinion of the Court and Justice Stevens' opinion." *Id.* As to that, Justice Scalia joined him. *Id.* at 3257. Justice Breyer's fourth point is, "although the machine-or-transformation test is not the only test for patentability, this by no means indicates that anything which produces a useful, concrete, and tangible result, is patentable." *Id.* at 3259 (citing *State Street*, internal quotation marks omitted).

His opinion then references Judge Mayer's observation that *State Street* "preceded the granting of patents that 'ranged from the somewhat ridiculous to the truly absurd.'" *Id.* Yet many, if not most, like the well-known patents on sideways swinging and exercising cats with laser pointers, are unenforceable and therefore harmless.

Moreover, absurd patents are far from novel. One granted in 1879 was both silly and deadly; see <http://totallyabsurd.com/chutenshoes.htm> (visited Oct. 24, 2010). It claims a fire escape comprising impact-absorbent shoe soles and a parachute attached to a hat held on by a chinstrap. The patent has since amused many, but few (minimally including the inventor and the examiner) seem to have noticed that a user of the parachute component of the invention would die swiftly of a broken neck!

Fortunately, the *Bilski* majority understood that court-created exemptions to patent-eligible subject matter pose similar risks.