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Ducking The Big Issues In Bilski?

Law360, New York (November 25, 2009) -- Sometimes, predicting the outcome of a court case is difficult.

After hearing the U.S. Supreme Court argument in In re Bilski, for many of us it seemed easy. The court will affirm. And it will probably be unanimous.

The question remains whether the opinion will limit itself to pure business methods like the one invented by Mr. Bilski, or whether it will use more expansive language and affect more controversial subject matters like computer software and medical techniques.

As a former administrative patent judge, I know that questions from the bench can sometimes be used to show that the loser got a fair hearing. In Bilski, it appeared the questions were designed to explore just how badly the loser would lose.

The decision under review had enunciated a “machine or transformation” requirement before a process could be eligible for a patent under 35 U.S.C. § 101.

The particular process at issue was a method for hedging financial risks. Mr. Bilski’s claimed method was considered unrelated to anything physical, let alone tied to a particular machine or effecting a transformation of matter.

At the oral argument, the Supreme Court acknowledged the concern expressed by the government and the amicus briefs that it not go too far in limiting other types of processes related to software and diagnosing medical conditions.

Many of the Supreme Court Justices seemed willing to decide the case on the narrow ground that a “process” in § 101 must at least relate to something physical.

Indeed, all the justices seemed to agree that Mr. Bilski’s claimed invention failed § 101 for that reason.

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They could leave the machine or transformation test for another day because the claimed method of hedging financial risk failed every possible test for patentable subject matter.

However, at least four of the nine justices volunteered thoughts touching on software as well.

These justices (Roberts, Kennedy, Stevens and Breyer) seemed to feel that a new software method running on a standard computer might not be eligible for patenting because the computer is still the same old computer.

Whether they can get a fifth vote, or whether they will wait for a more appropriate case to attack software patents, remains to be seen.

Several amicus briefs made an interesting argument against that position, based on 35 U.S.C. § 100(b).

That section can be read to overturn Supreme Court precedent and statutorily permit patenting a new use of an old machine (like an old computer).

However, this did not come up at oral argument, probably because Bilski is not a software case and did not involve a machine at all.

The unanimity of sentiment against Mr. Bilski's business method was demonstrated by the following ideas proposed by the justices as clearly lacking patentable subject matter: choosing jewelry (Ginsburg); conducting speed dating (Sotomayor); buying low, selling high (Roberts); using actuarial tables for setting insurance rates (Kennedy); training horses by a psychological "horse whisperer" technique (Scalia); and using the yellow pages to find a baker to sell bread to a grocer (Kennedy).

The justices clearly enjoyed coming up with examples in an attempt to show the absurdity of patenting business methods untethered to anything physical.

Part of their absurdity lay in the utter lack of novelty. That should really be a separate inquiry, but the examples reveal very clearly that the Supreme Court does not believe pure business methods (unrelated to anything physical) should be patented.

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