No. 08-964

IN THE
SUPREME COURT OF THE UNITED STATES

BERNARD L. BILSKI, ET AL.,

PETITIONERS,

V.

JOHN J. DOLL, ACTING DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE,

RESPONDENT.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF *AMICUS CURIAE* OF THE FEDERAL CIRCUIT BAR ASSOCIATION IN SUPPORT OF NEITHER PARTY

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TABLE OF CONTENTS

TABLE OF CONTENTS i

TABLE OF AUTHORITIES ii

INTEREST OF AMICUS CURIAE 1

SUMMARY OF THE ARGUMENT..... 2

ARGUMENT 3

I. INTRODUCTION 3

II. THE *DIEHR* ANALYSIS..... 8

III. APPLICATION OF THE *DIEHR* ANALYSIS 13

IV. THE *BILSKI* DECISION MISCONSTRUES THIS COURT'S PRECEDENT BY REQUIRING PROCESSES TO BE TIED TO AN APPARATUS OR TRANSFORM AN ARTICLE..... 16

CONCLUSION..... 21

TABLE OF AUTHORITIES

Cases

AT&T Corp. v. Excel Commc'ns, Inc., 172 F.3d 1352 (Fed. Cir. 1999) 8, 15

Cochrane v. Deener, 94 U.S. 780 (1877) 14, 17, 20

Corning v. Burden, 56 U.S. (15 How.) 252 (1853) 17, 19

Diamond v. Chakrabarty, 447 U.S. 303 (1980) 4

Diamond v. Diehr, 450 U.S. 175 (1981) ..... *passim*

Expanded Metal v. Bradford, 214 U.S. 366 (1909) 17, 19

Funk Bros. Seed Co. v. Kalo Inoculant Co., 333 U.S. 127 (1948) 4

Gottschalk v. Benson, 409 U.S. 63 (1972) ..... *passim*

In re Alappat, 33 F.3d 1526 (Fed. Cir. 1994) 4

In re Bilski, 545 F.3d 943 (Fed. Cir. 2008) 2, 3, 7, 20

In re Comiskey, 499 F.3d 1365 (Fed. Cir. 2007) .. 15, 16

In re Grams, 888 F.2d 835 (Fed. Cir. 1989) 13, 15

In re Maucorps, 609 F.2d 481 (C.C.P.A. 1979) 16

In re Meyer, 688 F.2d 789 (Fed. Cir. 1982) 9, 15, 16

In re Sarkar, 588 F.2d 1330 (C.C.P.A. 1978) 15

In re Schrader, 22 F.3d 290 (Fed. Cir. 1994) 14, 15

In re Warmerdam, 33 F.3d 1354 (Fed. Cir. 1994) 7, 15

Laboratory Corp. of America Holdings v. Metabolite Laboratories, Inc., 548 U.S. 124 (2006) 3, 6

O'Reilly v. Morse, 56 U.S. (15 How.) 62 (1853).....17

Parker v. Flook, 437 U.S. 584 (1978) ..... *passim*

Smith v. Snow, 294 U.S. 1 (1935).....17, 20

State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998) 8, 15

The Telephone Cases, 126 U.S. 1 (1888) 17, 19

Tilghman v. Proctor, 102 U.S. 707 (1880) 17

Waxham v. Smith, 294 U.S. 20 (1935) 17, 20

Statutes

35 U.S.C. § 100(b) 3

35 U.S.C. § 101 ..... *passim*

35 U.S.C. § 273(a)(3) 3

INTEREST OF AMICUS CURIAE

The Federal Circuit Bar Association ("FCBA")[1] is a national bar organization with over 2,600 members from all geographic areas of the country, all of whom practice before or have an interest in the decisions of the Court of Appeals for the Federal Circuit. The FCBA offers a forum for discussion of common concerns between bar and Court, litigator and corporate counsel. One of the FCBA's purposes is to render assistance in appropriate instances, both in procedural and substantive practice areas, whenever the FCBA believes a contribution can be made. The FCBA believes this is such an instance.

Neither the decision to file this brief nor the views articulated in this brief are expressive of, or binding upon, those members of the Board of Governors of the Federal Circuit Bar Association who are employees of the Federal Government.

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[1] Pursuant to Supreme Court Rule 37.6, the FCBA states that no counsel for a party authored this brief in whole or in part, and that no person or entity, other than Amicus and its counsel, contributed monetarily to the preparation and submission of this brief. By letters filed with the Clerk of the Court, the parties have consented to the filing of this brief.

SUMMARY OF THE ARGUMENT

The FCBA believes that *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), misconstrues the criteria for patentability under section 101. The FCBA believes that no new "test" for patentability is required beyond that already provided by this Court in *Diamond v. Diehr*, 450 U.S. 175 (1981), *Parker v. Flook*, 437 U.S. 584 (1978), and *Gottschalk v. Benson*, 409 U.S. 63 (1972). As described in *Diehr*, these cases present a three-part analysis for determining patentability of process patents under section 101: First, does the claimed process include a law of nature, natural phenomena, or an abstract idea? Second, if the process includes one of these three recognized exclusions, do the claims recite a law of nature, natural phenomena, or abstract idea apart from any specific object, or standing alone (i.e., in the abstract)? Third, whether the claim implements or applies the law of nature, natural phenomena, or abstract idea in a process that is performing a function that the patent laws were designed to protect? *Diehr*, 450 U.S. at 185, 191-92.

The *Diehr* analysis presents a framework for determining patentability that avoids bright-line "tests" – such as whether or not patent claims are "tied" to any type of technology, or "transform" items from one state or thing to another. The analysis is thus more flexible and can properly be applied by courts to differing types of technologies, and does not foreclose emerging technologies, or those technologies that do not yet exist.

In response to the specific questions presented, the FCBA believes that the Federal Circuit's *Bilski* decision, with its emphasis on "tying" a process to a machine or apparatus or "transforming" an article, misconstrues the requirements for patentability for process inventions.[2]

ARGUMENT

I. INTRODUCTION

Defining the boundaries between statutory and non-statutory subject matter for processes, as opposed to articles, machines, or compositions, is not an easy task. *Lab. Corp. of America Holdings v. Metabolite Labs., Inc.*, 548 U.S. 124, 135 (2006) (Breyer, J., dissenting) (citing *Parker v. Flook*, 437 U.S. at 589). The patent statute broadly defines the boundaries of process inventions, allowing a patent for "*any* new and useful process…or *any* new and useful improvement thereof." 35 U.S.C. § 101 (emphasis added). As noted by the Federal Circuit:

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[2] The FCBA does not believe that 35 U.S.C. § 273(a)(3) by itself elevates business methods to statutory subject matter. Section 273(a)(3) merely indicates that "method," as that term is used in 35 U.S.C. § 100(b), includes "a method of doing or conducting business." This by itself does not place a business method outside the defined exclusions to section 101, particularly the abstract idea exclusion, and does not exclude these particular processes from *Diehr*'s requirement that the process be tied to some other category of statutory subject matter.

> The use of the word 'any' in § 101 represents Congress's intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those recited in § 101 and the other parts of Title 35.

In re Alappat, 33 F.3d 1526, 1542 (Fed Cir. 1994); *see also Diehr*, 450 U.S. at 182 (citations omitted)(cautioning against reading into the patent laws "limitations and conditions which the legislature has not expressed"). Many decisions also rely on the oft-cited language from the 1952 Patent Act Committee Reports that statutory subject matter is intended to "include anything under the sun made by man." *See*, *e.g.*, *Diehr*, 450 U.S. at 182 (citations and quotations omitted).

However, the breadth of patentable subject matter is not absolute. There are limits to section 101, as "every discovery is *not* embraced within the statutory terms." *Diehr*, 450 U.S. at 185 (emphasis added). This Court has articulated three specific exclusions from section 101: laws of nature, natural phenomena, and abstract ideas. *Id.* Laws of nature and natural phenomena are not patentable, as they are "manifestations of nature, free to all men and reserved exclusively to none." *Id.* (citing *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980) and quoting *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948)). Abstract ideas also are not patentable:

> [A]n idea of itself is not patentable. 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. [M]ental processes…and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.

Gottschalk, 409 U.S. at 67 (citations and quotations omitted). Together these three categories represent the unpatentable "basic tools of scientific and technological work." *Id.*

Applying these two concepts to patent claims has proven difficult. "The line between a patentable 'process' and an unpatentable 'principle' is not always clear." *Flook*, 437 U.S. at 589. If analyzed down to their basic components, many if not all inventions involve some type of natural phenomena, law of nature, or idea:

> After all, many a patentable invention rests upon its inventor's knowledge of natural phenomena; many "process" patents seek to make abstract intellectual concepts workably concrete; and all conscious human action involves a mental process.

Lab. Corp. of America, 548 U.S. at 134 (Breyer, J., dissenting).

Roughly thirty years ago, faced with the task of determining the patentability of mathematical algorithms in the emerging field of digital computers, this Court reconciled the differing theories for the patentability of process inventions. *Gottschalk*, *supra*; *Flook*, *supra*; and *Diehr*, *supra*. These decisions analyzed the historical scope of the patentability of process claims, delineated governing principles, and applied those principles to the subject claims embodying the new technology (finding non-patentable subject matter in *Gottschalk* and *Flook*, and patentable subject matter in *Diehr*).

The result was a three-part analysis for determining process claim patent eligibility: First, does the claimed process include a law of nature, natural phenomena, or an abstract idea? Second, if the process includes one of these three recognized exclusions, do the claims recite a law of nature, natural phenomena, or abstract idea apart from any specific object, or standing alone (i.e., in the abstract)? Third, whether the claim implements or applies the law of nature, natural phenomena, or abstract idea in a process that is performing a function that the patent laws were designed to protect? *Diehr*, 450 U.S. at 185, 191-92.

Since that time, this three-part analysis has not always been applied to process claims arising out of computer, pharmaceutical, and other technologies

such as business methods. Reconciling the broad statutory language of section 101 with its exclusions has not always been easy, as the Federal Circuit has recognized:

> To include some things is to exclude others. The chore of defining exactly what is excluded under § 101, and applying such definitions to specific cases, has caused courts to expend much effort in trying to find the right words to describe some rather abstract notions….
>
> Within Supreme Court guidance, this court and its predecessor, as well as the Patent and Trademark Office (PTO) have sought to find more precise definitions for the things excluded, but without complete success.

In re Warmerdam, 33 F.3d 1354, 1358-59 (Fed. Cir. 1994).

Terms used in an attempt to find the right words to explain nonstatutory subject matter have led to "tests" involving phrases such as "mathematical algorithms" and "reactions of an individual." *Id.* at 1359 & n. 2. For business methods, prior cases have used words such as a "useful, concrete, and tangible result," "tied to a particular machine," or "transforming or reducing" an article from one state to another. *Bilski,* 545 F.3d

at 959; *see also State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998); *AT&T Corp. v. Excel Commc'ns, Inc.*, 172 F.3d 1352 (Fed. Cir. 1999).

The FCBA believes that the determination of statutory subject matter under section 101 should resort back to the analysis set forth in *Diehr* and avoid the use of broad, definitional phrases or "tests." The *Diehr* analysis does not focus on the absolutes of whether a process is tied to a machine, or transforms some article, but instead roots the inquiry into the notions of excluding those processes that are nothing more than ideas, concepts, or laws of nature. Properly recognized and applied, *Diehr* sets forth a standard for patentability of process claims that can be applied by a court to the specific claims at issue, satisfy the statutory mandate, and recognize applicable judicial exceptions.

II. THE *DIEHR* ANALYSIS

The issue in determining patentability turns on how one determines whether the words chosen to describe a process – the patent claims themselves – properly situate the invention as something "inventive" and not merely the recitation of an abstract idea, natural phenomena, or law of nature. As discussed below, a return to the principles enunciated in *Diehr* allows a court to resolve the question without resort to broad phrases, "tests," or definitional terms. The same criteria are used regardless of the claimed technology, and thus would

include, but are not limited to, areas that have previously raised questions such as mathematical algorithms or business methods.

The *Diehr* analysis asks three interrelated questions:

First, does the claimed process include a law of nature, natural phenomena, or an abstract idea? This first step merely asks whether one of the excluded classes is even present. If so, it is an indication that a scientific principle, law of nature, or idea *may* be the subject matter claimed and, thus, justify a rejection of that claim under section 101. *Diehr*, 450 U.S. at 185, 191; *see also In re Meyer*, 688 F.2d 789, 794-95 (Fed. Cir. 1982).[3] If not, then the claim would constitute patentable subject matter, assuming no other conditions applied.

Second, if the process includes one of the three recognized exclusions, do the claims recite a law of nature, natural phenomena, or abstract idea **apart from any specific object, or standing alone** (i.e., in the abstract)? *Diehr*, 450 U.S. at 191-

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[3] In *Meyer*, the presence of a mathematical formula or algorithm in a claim was a "signpost for further analysis." *Meyer*, 688 F.2d at 795. This first step is specifically described as such in *Diehr*: "We recognize, of course, that *when* a claim recites a mathematical formula (or scientific principle or phenomena of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula in the abstract." *Diehr*, 450 U.S. at 191.

92. If so, then the claims fall outside the boundaries of statutory subject matter. If not, then further analysis must occur (the next question). As stated in *Diehr*:

> [W]hen a claim recites a mathematical formula (or scientific principle or phenomena of nature), an inquiry must be made into whether the claim is seeking patent protection for that formula [or scientific principle or phenomena of nature] in the abstract. A mathematical formula [or scientific principle or phenomena of nature] as such is not accorded the protection of our patent laws….

450 U.S. at 191 (citing *Gottschalk*, *supra*).

When conducting this analysis, the claims must be "considered as a whole," without "dissection" into new and old and new elements. *Id.* at 188-89. And, it is not the mere presence of a law of nature, a natural phenomena, or an abstract idea that renders the claim nonstatutory. Rather, it is whether or not the claim preempts all other uses of that law, phenomena, or idea. *See id.* at 187.[4]

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[4] The proper application of this question may provide the proper framework for analyzing many cases that appear "difficult." For example, one dissent in *Bilski* would have decided the matter based on this first *Diehr* question, without articulating any particular "test." *Bilski*, 545 F.3d at 1011

(continued....)

The claims at issue in both *Gottschalk* and *Flook* were found not to recite statutory subject matter under section 101 because of this second factor. In *Gottschalk*, this Court determined the claims only recited a formula for converting binary-coded decimal (BCD) numerals to pure binary numerals. 409 U.S. at 71-72. In *Flook*, this Court likewise found that the claims did no more than present a mathematical formula, without explaining or showing the presence of any other inventive concept. 437 U.S. at 593-94. However, in *Diehr*, this Court found that the invention presented statutory subject matter because the claims did not merely recite a formula, but rather detailed a process that employed the mathematical formula in conjunction with other steps in curing synthetic rubber. *Diehr*, 450 U.S. at 187.

Thus, if the claims recite a law of nature, natural phenomena, or abstract idea apart from any specific object, or standing alone (i.e., in the abstract), such that the law, phenomena, or idea are preempted from other uses, the claims are nonstatutory under section 101. It makes no difference what other aspects the claim might have, such as the recitation of an apparatus, a specific

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(continued) . . .

(Rader, J., dissenting) ("This court labors for page after page…to say what could have been said in a single sentence: 'Because Bilski claims merely an abstract idea, this court affirms the Board's rejection.'").

limitation to a field of use by virtue of another process, or post-solution applications of a formula – the claims are rendered nonstatutory despite the presence of these features if they "in the abstract" do nothing more than claim a law of nature, a natural phenomena, or an idea. *See*, *e.g.*, *Flook*, 437 U.S. at 586; *see also Diehr*, 450 U.S. at 192 n. 14.

Third, even if the claims do not recite an excluded category "in the abstract," the inquiry is not complete. The final question in the *Diehr* standard asks whether the claim implements or applies the law of nature, natural phenomena, or abstract idea in a process that is performing a function that the patent laws were designed to protect. *Diehr*, 450 U.S. at 192.

Diehr reached this conclusion based on an analysis of the applicable case law related to processes, holding that "an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection." *Diehr*, 450 U.S. at 187-88 (citations omitted). With regard to the synthetic rubber curing process and the use of the mathematical Arrhenius equation, this Court noted that the "equation is not patentable in isolation, but when a process for curing rubber is devised which incorporates in it a more efficient solution of the equation, that process is at the very least not barred at the threshold by § 101." *Id.* Thus the Court concluded that a claim containing a law of nature, natural phenomena, or abstract idea may be patentable when it *implements*

or *applies* that law, phenomena, or idea in a process that is performing a function which the patent laws were designed to protect. *Id*. at 192.

III. APPLICATION OF THE *DIEHR* ANALYSIS

Although not always recognized, the three-part *Diehr* analysis has already been applied to many different process claims addressed by the courts. These prior cases provide guidance as to whether different process technologies present patentable subject matter under section 101.

For example, if a process includes as one of its steps the application or implementation of an apparatus or machine, the process is *likely* to present patentable subject matter. Clearly, applying a law of nature, natural phenomena, or idea to a machine would meet the third *Diehr* requirement: that the process "apply or implement" another class of statutory subject matter. However, merely reciting an apparatus or machine in the process steps should not turn an otherwise nonstatutory claim into a statutory claim. The claim still must independently meet the second *Diehr* requirement that it not claim a law of nature, natural phenomena, or idea "in the abstract." *See*, *e.g.*, *In re Grams*, 888 F.2d 835, 839-40 (Fed. Cir. 1989) (finding a process claim nonstatutory even though the claim included a machine because the machine was merely used to collect data).

Likewise, a process that transforms some article to a different state or thing is *likely* to present patentable subject matter. "Transformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines." *Diehr*, 450 U.S. at 184 (quoting *Gottschalk*, 409 U.S. at 70); *see also In re Schrader*, 22 F.3d 290, 295 (Fed. Cir. 1994). The "transformation" language in both *Diehr* and *Gottschalk* derives from an earlier case, *Cochrane v. Deener,* which noted that a process is "an act, or a series of acts, performed on the subject-matter to be transformed and reduced to a different state or thing." *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1877). However, as discussed in more detail below, transformation only provides a "clue" as to patentability, and is not an absolute test. *See Gottschalk*, 409 U.S. at 71 (finding that patent-eligibility does not require that the process "either be tied to a particular machine or apparatus or must operate to change articles to a 'different state or thing'"); *see also Flook*, 437 U.S. at 588 n. 9. Thus, merely because a process operates to transform an article does not mean conclusively that it is patentable subject matter.

An otherwise nonstatutory process claim also cannot be rendered statutory by the addition of a "field of use" limitation or by claiming "post-solution" activity. *Flook*, 437 U.S. at 590. In *Flook*, the claim was not eligible for statutory protection under section 101 even though it was restricted to a particular field of use (the petrochemical and oil

refinery industries) and included post-solution activity (the adjustment of the alarm limit). *Id.*; *see also Warmerdam*, 33 F.3d at 1360 (locating the medial axis of the object); *Schrader*, 22 F.3d at 294-95 (entering the bids in a record); *Grams*, 888 F.2d at 839-840 (performing clinical tests to obtain data); *In re Sarkar*, 588 F.2d 1330, 1335-36 (C.C.P.A. 1978) (measuring cross-channel dimensions).

A process that merely claims a mental process standing alone, without any specific tie to another category of statutory subject matter, is not eligible for patent protection. *In re Comiskey,* 499 F.3d 1365, 1377-78 (Fed. Cir. 2007) (citing and explaining *Schrader*, *supra*, *Warmerdam*, *supra*, and *Meyer*, *supra*). Such claims would fail both dispositive *Diehr* standards: that the claims not recite an idea "in the abstract," and that the claims must be "implemented or applied" to another statutory class of subject matter.

The *Diehr* analysis can also be applied to "business method" process claims. *State Street* and *AT&T Corp.* both involved processes – business methods – that implemented or were applied to a machine, which is by itself a recognized statutory class. *See Comiskey,* 499 F.3d 1365 n. 14 (discussing *State Street*, 149 F.3d at 1373, and *AT&T Corp.*, 172 F.3d at 1355, 58). Moreover, they both claimed technology that did not rely on ideas or mental processes "in the abstract." *State Street*, 149 F.3d at 1373-74; *AT&T Corp.*, 172 F.3d at 1358-59. Applying the *Diehr* analysis would properly situate

the claims as patentable subject matter. In contrast, other cases involving business methods have concluded that the processes were not patentable, as they were ultimately directed to ideas "in the abstract." *In re Maucorps*, 609 F.2d 481 (C.C.P.A. 1979) (finding unpatentable a system for optimizing an organization); *Meyer,* 668 F.2d at 796 (finding unpatentable a system for diagnosing patients); *see also Comiskey*, 499 F.3d at 1378.

Thus, the courts have already issued criteria in a wide range of cases as to what is, and is not, statutory subject matter under section 101. These existing criteria all follow the *Diehr* analysis, and show how that analysis can be applied without resort to "precise definitions" or the arbitrary creation of definitional terms.

IV. THE *BILSKI* DECISION MISCONSTRUES THIS COURT'S PRECEDENT BY REQUIRING PROCESSES TO BE TIED TO AN APPARATUS OR TRANSFORM AN ARTICLE

The FCBA believes that a method or process does not particularly have to result in a physical transformation of an article or be tied to a machine to be patent-eligible subject matter under section 101. This Court has clearly recognized that a process need not be tied to these qualifications. *Gottschalk,* 409 U.S. at 71; *Flook*, 437 U.S. at 588 n.9. In addition, requiring such a specific result

risks foreclosing protection for new areas of technology. *Gottschalk*, 409 U.S. at 71.

The notion that a process must be either tied to a particular machine or result in the physical transformation of an article to fall within section 101 arises from a historical analysis of the "process" cases, including *O'Reilly v. Morse*, 56 U.S. (15 How.) 62 (1853), *The Telephone Cases*, 126 U.S. 1 (1888), *Corning v. Burden*, 56 U.S. (15 How.) 252 (1853), *Cochrane v. Deener*, *supra*, *Tilghman v. Proctor*, 102 U.S. 707 (1880), *Expanded Metal v. Bradford*, 214 U.S. 366 (1909), *Smith v. Snow*, 294 U.S. 1 (1935), and *Waxham v. Smith*, 294 U.S. 20 (1935); *see Gottschalk*, 409 U.S. at 68-71. After reviewing these cases, this Court concluded that "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines. *Gottschalk*, 409 U.S. at 70.

But this "clue" does not equate to a firm "rule." After elaborating on the historical notions of statutory coverage for a process, the Court in *Gottschalk* was clear to point out that the prior cases were not meant to be limiting:

> It is argued that a process patent must be either tied to a particular machine or apparatus or must operate to change articles or materials to a "different state or thing." We do not hold that no process patent could ever qualify if it

> did not meet the requirements of our prior precedents.

Id. at 71. This caution was repeated in *Flook*, albeit in a footnote:

> The statutory definition of "process" is broad. An argument can be made, however, that this Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a "different state or thing." As in *Benson* [*Gottschalk*], we assume that a valid process patent may issue even if it does not meet one of these qualifications of our earlier precedents.

Flook, 437 U.S. at 588 n.9 (citations omitted). Defining process patentability to something tied to a particular machine, or something that transforms something else to a different state or thing, risks limiting technological growth. *See Gottschalk*, 409 U.S. at 71 (recognizing the danger of "freez[ing] process patents to old technologies, leaving no room for the revelations" of new technologies).

This fact is supported by the body of developed case law relating to process patents, and by examination of several recent technologies. The early process patent cases that were not tied to a particular apparatus all dealt with chemical or

electromagnetic transformations. *See Morse*, *The Telephone Cases*, and *Corning v. Burden*, discussed in *Gottschalk*, 409 U.S. at 68-70. A court reviewing these cases before 1877 could have articulated the rule that "processes" in the statutory sense were *limited* to chemical or electromagnetic transformations, since those were the technologies where the statutory issues arose. Mechanical, as opposed to chemical or electromagnetic, processes would likely be excluded. However, in 1877 this Court, reviewing the statutory requirements, found that mechanical processes should *not* be excluded as statutory subject matter. As explained in *Expanded Metal*:

> It is lastly contended…that, in view of the former declarations and opinions of this court, what is termed a process patent relates only to such as are produced by chemical action, or by the operation or application of some similar elemental action, and that such processes do not include methods or means which are effected by mere mechanical combinations….
>
> [I]t does not follow that a method of doing a thing, so clearly indicated that those skilled in the art can avail themselves of mechanism to carry it into operation, is not the subject-matter of a valid patent. The contrary has been declared in decisions of this court. A

> leading case is *Cochrane v. Deener* in which this Court sustained a process patent involving mechanical operations….

214 U.S. at 381-83 (citations omitted). Application of claims to mechanical processes was deemed statutory subject matter in numerous cases, including *Smith v. Snow*, *supra*, and *Waxham v. Smith*, *supra*; *see Gottschalk*, 409 U.S. at 70-71.

Similarly, after 1877 one could have elaborated the rule that limited processes to chemical, electromagnetic, or mechanical transformations. Such limitations, of course, would forego any process patents on technologies such as lasers and fiber optics, both areas that enjoy great patent protection.

The Federal Circuit's *Bilski* decision misconstrues these cases by holding that a method or process has to result in a physical transformation of an article or be tied to a machine to be patent-eligible subject matter under section 101. *Bilski*, 543 F.3d at 954. Given the mandate that process patents are to be construed broadly, and the desire to avoid "freezing" process patents to certain technologies, the decision risks precluding protection for new technologies and revelations.

CONCLUSION

Many process patents, including "business method" patents such as the one at issue here, touch upon abstract ideas, laws of nature, or natural phenomena. This Court has already established an analytical framework for determining the boundary between what is patentable and not patentable, recognizing the inherent inclusion of abstract intellectual concepts and mental processes in every activity. There is no need to go beyond the *Diehr* analysis when determining the patentability of business method patents

Respectfully submitted,

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