No. 08-964

IN THE

Supreme Court of the United States

BERNARD L. BILSKI AND RAND A. WARSAW,
Petitioners,
v.
JOHN J. DOLL, ACTING UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND 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 OF DOUBLE ROCK CORPORATION, ISLAND INTELLECTUAL PROPERTY LLC, LIDs CAPITAL LLC, INTRASWEEP LLC, ACCESS CONTROL ADVANTAGE, INC., ECOMP CONSULTANTS, PIPELINE TRADING SYSTEMS LLC, REARDEN CAPITAL CORPORATION, CRAIG MOWRY AND PCT CAPITAL LLC AS *AMICI CURIAE* IN SUPPORT OF PETITIONERS

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STATEMENT OF INTEREST OF *AMICI CURIAE*[1]

The various *amici curiae* sponsoring this submission ("*Amici Curiae*") reflect mid-sized and smaller members of the financial service, e-commerce, and computer-related industries. While *Amici Curiae* do not advocate that the claims at issue are entitled to be patented, each believe it is important to maintain a strong patent system that allows for all types of innovations that do not pre-empt a fundamental principle to remain patent-eligible subject matter. A detailed explanation of each *Amici Curiae* is provided in Appendix A.

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[1] The parties have consented to the filing of this brief and letters of consent have been filed with the Clerk. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than *Amici Curiae*, its members, or its counsel made a monetary contribution to its preparation or submission.

SUMMARY OF ARGUMENT

This Court's precedent provides broad guidelines on what constitutes patent-eligible subject matter:

1. the claimed subject matter must fall within one of the four statutory categories of patent-eligible subject matter–process, machine, manufacture or composition of matter (or any improvement thereof); and

2. the claimed subject matter must not preempt what the *Bilski* majority calls "fundamental principles"[2] – laws of nature, natural phenomena, or abstract ideas.

See Diamond v. Diehr, 450 U.S. 175, 185 (1981) (citing *Parker v. Flook*, 437 U.S. 584, 589 (1978) and *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

While this Court has found certain safe harbors that have met these broad guidelines, it has also repeatedly refused, over centuries of such precedent, to turn such safe harbors into rigid tests. *See, e.g., Flook,* 437 U.S. at 589 n.9 (rejecting argument 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,'"; this Court "assume[s] that a valid process patent may issue even if it does not meet one of these qualifications of our earlier precedents.") (citations

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[2] *See In re Bilski*, 545 F.3d 943, 952 n.5 (Fed.Cir. 2008), *cert. granted*, 129 S.Ct. 2735 (2009).

omitted); *Benson*, 409 U.S. at 71 (rejecting argument that "a process patent must either be tied to a particular machine or apparatus or must operate to change articles or materials to a 'different state or thing'" since "[w]e do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents."); *Tilghman v. Proctor*, 102 U.S. 707, 722 (1881) ("The patent law is not confined to new machines and new compositions of matter, but extends to any new and useful art or manufacture. A manufacturing process is clearly an art, within the meaning of the law.") (quoted in *Diehr*, 450 U.S. at 184 n.8).

Even the *Bilski* majority opinion by the Federal Circuit below recognized that other efforts to adopt rigid rules for determining whether a claim is patent-eligible subject matter, like the so-called "technological arts" test suggested by the U.S. Patent and Trademark Office ("USPTO") and other tests, proved "inadequate" and "insufficient." *See Bilski*, 545 F.3d at 958-61.

While much of the majority decision correctly describes this Court's binding precedent in this area, the *Bilski* majority nonetheless deviates from this Court's precedent and errs in the following important respects, which *Amici Curiae* respectfully submit that this Court should correct:

1. In the Federal Circuit's quest to find a "test or set of criteria" to "govern" the USPTO and courts in determining patent-eligibility, the *Bilski* majority erroneously adopts as the "governing test" a mechanical version of the

so-called "machine-or-transformation" test. *Bilski,* 545 F.3d at 952, 956. Adoption of this rigid rule has wreaked havoc on the stability and reliability of hundreds of thousands of issued patents (as evidenced by litigations that have begun to sprout since *Bilski*) and uncounted pending applications (as evidenced by increasingly rigid rules coming out of decisions of the Board of Patent Appeals and Interferences ("BPAI") at the USPTO). *Amici Curiae* respectfully request this Court to quiet title on meritorious inventions and refocus the inquiry on whether the claimed invention is novel, non-obvious, useful and sufficiently well-defined, as contemplated by the Patent Act.

2. The *Bilski* majority also departs from this Court's precedent and the broad statutory construction intended by Congress by ignoring the statutory definition of "process" in the Patent Act and engrafting extra-statutory limitations on patent-eligible processes. *Cf. Bilski*, 545 F.3d at 951 n.3. The majority decision also erred in failing to address the effect of the adoption of the prior user right (35 U.S.C. §273) in response to *State Street Bank & Trust Co. v. Signature Financial Group, Inc.,* 149 F.3d 1368 (Fed.Cir. 1998), and Congress' legislative acquiescence to the Federal Circuit's holding in that case.

3. The *Bilski* majority's blanket exclusion of "electronic signals and electronically-manipulated data" and "business methods,"

involving, *e.g.*, manipulation of "legal obligations, organizational relationships, and business risks"–today's "raw materials" of innovation–from being patent-eligible subject matter unless tied to a computer or some other machine (*see Bilski*, 545 F.3d at 962) is the result of a wooden analysis that is contrary to this Court's rationale in developing the transformation prong of the "machine-or-transformation" test. *See Expanded Metal Co. v. Bradford*, 214 U.S. 366 (1909). While *Amici Curiae* agree that definiteness requirements may preclude claims directed to purely mental steps from being patent-eligible subject matter, the patent-eligibility test under 35 U.S.C. §101 should turn only on whether the claim preempts an abstract idea or other fundamental principle, not on what type of transformation occurs.

4. The majority decision, which in some respects helped clarify this Court's prior precedent in *Benson*, nonetheless failed to adequately clarify whether a distinction should be drawn between a computer-implemented invention that is implemented on a general-purpose computer rather than on a specific-purpose computer. Unfortunately, much confusion has ensued at least at the BPAI and in the district courts, where mechanical distinctions have been drawn that are contrary to the underlying principles set forth in *Benson* and this Court's other governing precedent. *Amici*

> *Curiae* respectfully request that this Court clarify that such distinctions are misplaced.

The role of patents related to financial services, e-commerce, and computers in the U.S. economy is vital. Such patents, when appropriately awarded, encourage innovation and transparency, and advance the Constitutional goal of "promot[ing] the Progress of Science and useful Arts." U.S. Const., art. I, §8, cl.8. This Court should resist temptation to bow to the outspoken minority who would undermine a system that our founding fathers thought was so important that they included it in Article I of the Constitution and enacted it into one of its earliest public laws, and which has been maintained ever since. *Amici Curiae* respectfully submit that this Court should reaffirm the broad scope of patent-eligible subject matter under §101.

ARGUMENT

In 1998, the Federal Circuit had the forethought and insight to recognize that the revolution in information technology and availability of the Internet would radically change the way that the world does business and that U.S. patent law would *need* to adapt to this new technological and commercial reality by confirming the availability of patent protection for so-called "business method" patents. First, in *State Street*, and later in *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352 (Fed.Cir. 1999), the Federal Circuit followed this Court's lead in *Diamond v. Chakrabarty* to recognize that patent-eligible subject matter should be broadly construed to "include anything under the sun that is made by man." 447 U.S. 303, 308-09 (1980) (quoting S. REP. NO. 82-1979, at 5 (1952); H.R. REP. NO. 82-1923, at 6 (1952)). These decisions, an inevitable evolution in patent law based on this Court's binding precedent, fostered a renaissance in patent law.

However, as more and more business-related and computer-related patents were sought, the USPTO started to become overwhelmed. A number of "dubious quality" patents issued and were litigated. Scrutiny from the press, Congress and this Court ensued. At the core, the problems caused by these patents were based on their failure to comply with §§112, 102 and 103 of the Patent Act, rather than by any real dispute over whether those patents were patent-eligible subject matter.

A vocal minority now cries that this Court should throw the baby out with the bath water–and

improperly restrict the scope of patent-eligible subject matter–because some poor quality business method patents have issued. This Court should resist that temptation. Patents play an important and useful role in our economy by fostering innovation and adding to the public storehouse of knowledge. So-called "business method" patents also have, since the founding of our nation, played an important role in our nation's development and economy. The development of the Internet and a digital economy makes that role even more important.

I. GENERAL PRINCIPLES GOVERNING PATENT-ELIGIBLE SUBJECT MATTER BASED ON THIS COURT'S PRECEDENT

The inquiry into what constitutes patent-eligible subject matter begins with the Patent Act, which reads as follows:

> 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.

35 U.S.C. §101.

Thus, when an invention falls within at least one of the four enumerated categories of patent-eligible subject matter – "process," "machine,"

"manufacture," or "composition of matter" – with but three exceptions, such invention is patent-eligible subject matter, and must be considered under the other provisions of the patent law, *e.g.*, 35 U.S.C. §§102, 103, 112. *See, e.g., Diehr*, 450 U.S. at 185.

The *only* three exceptions are "laws of nature, natural phenomena, and abstract ideas." *Diehr*, 450 U.S. at 185 ("Excluded from such patent protection are laws of nature, natural phenomena, and abstract ideas."); *Chakrabarty*, 447 U.S. at 309.

In *Diehr*, this Court recognized the difference between an invention "of some practical method or means of producing a beneficial result or effect," which is patent-eligible subject matter, and "the result or effect itself," which is not patent-eligible subject matter. *See Diehr*, 450 U.S. at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. (15 How.) 252, 267-68 (1854)).

Diehr concluded its analysis by confirming that, although a claim to a mathematical formula in the abstract is not patent-eligible subject matter since it is merely an "abstract idea," by contrast a claim containing a mathematical formula could be patent-eligible subject matter as follows:

> On the other hand, when a claim containing a mathematical formula implements or applies that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect (***e.g.***, transforming

> or reducing an article to a different state or thing), then the claim satisfies the requirements of §101.

Diehr, 450 U.S. at 192 (emphasis added).

Significantly, as the Federal Circuit previously recognized in *AT&T:*

> The 'e.g.' signal denotes an example, not an exclusive requirement.

172 F.3d at 1358-59.

This list was not intended to be exhaustive, as even the USPTO recognizes in its prior submission to the Federal Circuit (USPTO Fed.Cir. Supp. Br. at 8, 25), and this Court confirmed in its precedent. *See Benson*, 409 U.S. at 71; *Flook*, 437 U.S. at 589 n.9. *Cf. Bilski*, 545 F.3d at 956 n.12.

II. THE *BILSKI* MAJORITY ERRONEOUSLY DEVIATED FROM THIS COURT'S PRECEDENT

While *Amici Curiae* do not endorse the patentability of the particular patent claim at issue here, *Amici Curiae* believe that the *Bilksi* majority at the Federal Circuit erred in several fundamental ways that should be addressed and corrected by this Court.

A. The *Bilski* Majority Erroneously Adopted the "Machine-or-Transformation" Test as the Sole Governing Test

In seeking to find a "test or set of criteria" to "govern" the USPTO and courts in determining patent-eligibility, the *Bilski* majority erroneously adopts as the "governing test" a mechanical version of the "machine-or-transformation" test. *See Bilski,* 545 F.3d at 952, 956. This is the same type of error that the Federal Circuit was chastised for making in *KSR International Co. v. Teleflex, Inc.*, after it adopted the TSM test as a "rigid" rule limiting the obviousness inquiry:

> We begin by rejecting the rigid approach of the Court of Appeals.

550 U.S. 398, 419 (2007).

As discussed in Section I, the "machine-or-transformation" test is not "the" only way to establish patent-eligible subject matter, but is merely an exemplary safe-harbor recognized by this Court. The proper test is whether the claimed subject matter falls within one of the four statutory classes of subject matter, and does not preempt a so-called fundamental principle. As *Diehr* explained, *Flook* and *Benson* "stand for no more than these long-established principles." 450 U.S. at 185.

Further, in attempting to apply this rigid rule, the BPAI at the USPTO and lower courts have ended up adopting even more rigid rules without

making an effort to consider the underlying rationale that guided this Court's decisions.

For example, the BPAI recently rejected a claim for synthesizing speech signals, which included computing steps, and in which two sets of signals were transformed to produce speech signals. The BPAI's analysis fails to directly address whether the claim merely preempts a fundamental principle as this Court directs. Instead it applies a wooden analysis of specific prior holdings from *In re Abele*, 684 F.2d 902 (C.C.P.A. 1982), as discussed by the *Bilski* majority, 545 F.3d at 962-63, to reject the patent-eligibility of this claimed process, even though it was not an abstract idea by any means. *See Ex parte Hardwick*, Appeal 2009-002399, slip op. at 6-9 (BPAI June 22, 2009). The test set forth in *Abele* and its prior precedent (the so-called "*Freeman-Walter-Abele* test") was one of the tests expressly rejected in *Bilski,* 545 F.3d at 958-59.

Similarly, the BPAI has sought to apply the "machine-or-transformation" test as a rigid rule to system claims, despite the Federal Circuit's warning that "[i]n *State Street*, as is often forgotten, we addressed a claim drawn not to a process but to a machine" *Bilski*, 545 F.3d at 960 n.18. *See Ex parte Atkin*, Appeal 2008-4352, slip. op. at 18 (BPAI Jan. 30, 2009) (broadly applying *Bilski* to reject not only method claims but systems claims, finding that the system claims encompassed "any and all structures for performing the recited functions" and therefore the system claims were "at least as broad as method claims ... which we have determined recite patent ineligible subject matter under *Bilski*"; Making this

determination even though the system claims were more appropriately considered under §112 and also rejected on that ground.).

Rigid application by courts of the "governing" rule from *Bilski* has also resulted in other previously approved claimed methods being found to no longer be patent-eligible. For example, in *Fort Properties, Inc. v. American Master Lease, LLC*, 609 F.Supp.2d 1052 (C.D.Cal. 2009), based on a wooden analysis of the "governing" test, the district court invalidated various issued method claims in a patent relating to real estate transactions in which legal obligations are transformed and evidenced by deed shares. Again, the court did not address whether the claim, which clearly claimed one of the four statutory classes of subject matter–a process–fell into one of the exceptions, *e.g.*, was merely preempting an abstract idea.

Regardless of whether these claims have other failings, the adoption of the rigid "machine-or-transformation" test in *Bilski* has resulted in courts and the USPTO missing the point and using §101 as a gatekeeper in a manner in which it was never intended by the Patent Act as enacted by Congress or interpreted by this Court to be used. *Cf. Dann v. Johnston*, 425 U.S. 219, 221 (1976) (avoiding §101 issue in favor of §103 analysis).

B. The *Bilski* Majority Erroneously Limits the Definition of "Process" and Erroneously Adopts a Rigid Version of the "Machine-or-Transformation Test" Contrary To Clear Congressional Intent

As this Court is well aware, it is the role of Congress to set policy when it enacts statutes, the role of the executive branch (including the USPTO) to carry out the laws as enacted, and the role of the courts (including this Court and the Federal Circuit) to interpret the law. *See, e.g., Chakrabarty*, 447 U.S. at 315. This Court does not (and the Federal Circuit should not) set new policies, even if it disagrees with the policies set by current statutes. Any problems with those policies is the province of Congress.

In this regard, since this country's inception, a fundamental policy of our government has been to establish a patent system to promote the progress of the useful arts. This policy was Constitutionally set, when Congress was given the power to enact patent laws:

> 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;

U.S. Constitution Article I, §8, cl. 8.

This power was promptly exercised in 1790 when Congress enacted the first patent act, which

originally defined the scope of patent-eligible subject matter as follows:

> [A]ny useful art, manufacture, engine, machine, or device, or any improvement therein not before known or used.

Patent Act of 1790, 1 Stat. 109, 110, §1 (1790).

Shortly thereafter, in 1793, Congress revised the scope of patent-eligible subject matter to read as follows:

> [A]ny new and useful art, machine, manufacture or composition of matter, or any new and useful improvement on any art, machine, manufacture or composition of matter, not known or used before the application.

Patent Act of 1793, 1 Stat. 318-323, §1 (1793).[3]

This broad language has been left intact by Congress in every subsequent patent statute, with but small modifications in the Patent Act of 1952, resulting in the current language of §101, which read as follows:

> Whoever invents or discovers any new and useful process, machine,

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[3] Thomas Jefferson, the driving force behind early patent policy, incorporated his philosophy that "ingenuity should receive a liberal encouragement" into the patent acts. 5 WRITINGS OF THOMAS JEFFERSON 75-76 (Washington ed. 1871).

> manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent, subject to the conditions and requirements of this title.

35 U.S.C. §101.

The 1793 version included the term "arts" instead of "process," but the case law made clear that the 18th Century meaning of the term "arts" was intended to include "process":

> That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed. ... A process is a mode of treatment of certain materials to produce a given result. It is an act, or a series of acts, performed upon the subject-matter to be transformed and reduced to a different state or thing. If new and useful, it is just as patentable as is a piece of machinery. In the language of the patent law, it is an art.
>
> The machinery pointed out as suitable to perform the process may or may not be new or patentable; whilst the process itself may be altogether new, and produce an entirely new result. The process requires that certain things should be done with certain substances, and in a certain order; but the tools to

> be used in doing this may be of secondary consequence.

Cochrane v. Deener, 94 U.S. 780, 787-788 (1877). *See also Diehr*, 450 U.S. at 182 ("[A] process has historically enjoyed patent protection because it was considered a form of 'art' as that term was used in the 1793 Act.").

Indeed, the 1952 Act, when changing the language, made clear both by its statutory terms and its legislative history that "process" was to be broadly construed.

In particular, the term "process" is statutorily defined in broad terms as follows:

> The term "process" means process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.

35 U.S.C. §100(b).

The *Bilski* majority mistakenly characterizes this statutory definition of "process" as "unhelpful" (*Bilski*, 545 F.3d at 951 n.3), rather than recognize that it is an unrestricted definition that was ***intended*** to be broad, not merely circular.

This point is made by the Committee Reports accompanying the 1952 Act which confirm that Congress intended statutory subject matter to be very broad, when it stated:

> The definition of "process" has been added in section 100 to make it clear that 'process or method' is meant, and also to clarify the present law as to the patentability of certain types of processes or methods as to which some insubstantial doubts have been expressed.

H.R. REP. NO. 82-1923 at 6 (1952).

P.J. Federico, one of the authors of the 1952 Act, explained the rationale at the time as follows:

> This language [of §101] (other than the terminal phrase) closely follows the wording of the corresponding part of the old statute, with the exceptions that the reference to plant patents has been omitted for inclusion in another section, and the word "process" is used in place of the word "art" which appeared in the old statute. The word "art" in the corresponding section of the old statute had been interpreted by the courts as being practically synonymous with process or method, and the same word also appeared in several other sections of the statute but with somewhat different connotations (it still appears in two other sections of the new code, with different meanings). The word "process" has been used in section 101 as its meaning is more rapidly grasped than "art" which would here require

> some interpretation. The first part of the definition of process in section 100(b) states that the word "process" means process or method, as these words have long been interchangeably used in patent law, and through same superabundance of caution by someone who feared that there might possibly be some loss of a shade of meaning in dropping the word "art", it was restored in the definition so that it reads "The term 'process' means process, art or method, ..."

35 U.S.C.A. 1 (1954 ed.), *reprinted in* 75 J. Pat. & Trademark Off. Soc'y 161, 214 (1993).

Judge Newman in her dissent summed up the *Bilski* majority's error in failing to recognize that the statutory definition of "process" is not limited and is intended to be very broad as follows:

> The definition of 'process' provided at 35 U.S.C. § 100(b) is not 'unhelpful,' as this court now states, but rather points up the errors in the court's new statutory interpretation. Section 100(b) incorporates the prior usage 'art' and the term 'method,' and places no restriction on the definition. This court's redefinition of 'process' as limiting access to the patent system to those processes that use specific machinery or that transform matter, is

> contrary to two centuries of statutory definition.

Bilski, 545 F.3d at 978 (Newman, J. dissenting) (internal citations omitted).

This Court has always understood the broad breadth that was intended to be applied to that term as relating to patent-eligible subject matter. *See, e.g., Chakrabarty*, 447 U.S. at 315 (noting that "[t]he subject-matter provisions of the patent law have been cast in broad terms to fulfill the constitutional and statutory goal of promoting 'the Progress of Science and the useful Arts' with all that means for the social and economic benefits envisioned by Jefferson" and that "[b]road general language is not necessarily ambiguous when congressional objectives require broad terms."); *J.E.M. Ag Supply v. Pioneer Hi-Bred Int'l,* 534 U.S. 124, 130 (2001) ("As this Court recognized over 20 years ago in *Chakrabarty*, 447 U.S. at 308, the language of § 101 is extremely broad."); *Diehr,* 450 U.S. at 182; *State Street*, 149 F.3d at 1373.

For more than a century, this Court has made clear that "[t]he patent law is ***not*** confined to new machines and new compositions of matter, but extends to ***any*** new and useful ***art*** or manufacture. ***A manufacturing process is clearly an art, within the meaning of the law.***" *Tilghman*, 102 U.S. at 722, quoted in *Diehr*, 450 U.S. at 184 n.8 (emphasis added); *see also Cochrane*, 94 U.S. at 787-88 ("In the language of the patent law, [a process] is an art."), quoted in *Id.* at 183.

Moreover, this Court recognizes that the use of the term "any" in §101 demonstrates the broad breadth that statutory subject matter is intended to cover. *See J.E.M.,* 534 U.S. at 130; *Chakrabarty,* 447 U.S. at 308 (In modifying the terms of §101 "by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope.").

Further, this Court has made clear "that courts 'should not read into the patent laws limitations and conditions which the legislature has not expressed.'" *Chakrabarty*, 447 U.S. at 308 (quoting *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 199 (1933)). *See also, e.g., TRW Inc. v. Andrews*, 534 U.S. 19, 31 (2001) ("It is 'a cardinal principle of statutory construction' that 'a statute ought, upon the whole, to be so construed that ... no clause, sentence, or word shall be superfluous, void, or insignificant.'" (citation omitted)); *Moskal v. United States*, 498 U.S. 103, 109 (1990) ("[A] court should 'give effect, if possible, to every clause and word of a statute.'" (citations omitted)); *Mountain States Tel. & Tel. Co. v. Pueblo of Santa Ana*, 472 U.S. 237, 249 (1985) ("'[A] statute should be interpreted so as not to render one part inoperative.'" (citation omitted)).

It is this broad definition of the term "process" that was applied by the Federal Circuit in *State Street* and which was understood to be the definition governing that term in the statutory construction until the *Bilski* decision at issue here. The Federal Circuit's engrafting of new limitations on what constitutes patent-eligible processes in *Bilski* is

contrary to the statute itself, to the congressional intent, and to this Court's precedent on the subject.

The only limitation on the definition of "process" that this Court mandates is that a process is not patent-eligible if it preempts "laws of nature, natural phenomena, [or] abstract ideas," in contrast to claiming a practical application thereof. *Diehr*, 450 U.S. at 185 (citing *inter alia Flook*, 437 U.S. at 589 and *Benson*, 409 U.S. at 67).

The Federal Circuit in *Bilski* did not address whether Congress in essence legislatively acquiesced to the *State Street* decision when it adopted the prior user rights for "methods of doing or conducting business" (*see* 35 U.S.C. §273) in response to that decision and has since considered, but did not adopt, any other changes to the patent-eligibility standard. While some of this Court's members have expressed doubt in the "useful, concrete and tangible results" test, the test stated was consistent with congressional intent (as the *State Street* decision was written by Judge Rich, another author of the Patent Act of 1952), and has support in this Court's precedent and §101, from which the test was derived.

In particular, Congress made clear, following the *State Street* and *AT&T* cases, that the patent law contemplates "a method of doing or conducting business" as a type of "method" that can be patent-eligible subject matter in adopting the earlier inventor infringement defense. *See* 35 U.S.C. §273(a)(3). Indeed, the legislative history for 35

U.S.C. §273 confirms that Congress contemplated the *State Street* case and acted accordingly:

- 145 CONG. REC. H6942 (daily ed. Aug. 3, 1999):

  > Ms. LOFGREN ... In title II there is a first inventor defense that is limited to methods of doing or conducting business, and I need to understand why, what the impact of that would be and why it merits our support .... Mr. COBLE. Mr. Speaker, it is limited ... to the *State Street Bank* case.

- 145 CONG. REC. S14717 (daily ed. Nov. 17, 1999):

  > As the Court [in *State Street*] noted, the reference to the business method exception had been improperly applied to a wide variety of processes, blurring the essential question of whether the invention produced a "useful, concrete, and tangible result."
  >
  > * * *
  >
  > In order to protect inventors and to encourage proper disclosure, this subtitle focuses on methods for doing and conducting business, including methods used in connection with internal commercial operations as well as those used in connection with the sale or transfer of useful end results–

> whether in the form of physical products, or in the form of services, or in the form of some other useful results; for example, results produced through the manipulation of data or other inputs to produce a useful result.

- H.R. REP. NO. 106-287, pt. 1, at 46-47 (1999):

> [T]he first inventor defense is of particular significance to [the financial services] industry, and the industry serves as a prime illustration of the need for the defense. The *State Street* decision has brought that industry abruptly to the forefront of cutting-edge patent law protection for subject matter that previously had been thought to be unpatentable. The *State Street* court came down on the side of a very broad scope of subject matter that qualifies for patent protection. *State Street* clarifies that the characterization of subject matter as a method of doing business does not render it unpatentable. One consequence is that the "back office" processes and methods that are fundamental to the delivery of many financial services, but transparent to the end user of the services, are now fair game for patent protection.

See also Pet. Open. Br. at 30-33.

Thus, at a minimum, the actions of Congress are contrary to the wholesale view that a patent-eligible process must be tied to a computer or some other machine, and evidence that §101 should not be as narrowly construed as advanced by the *Bilski* majority. *Cf. John R. Sand & Gravel Co. v. United States*, 552 U.S. 130, 128 S.Ct. 750, 756-57 (2008) (refusing to overturn the precedents because "*stare decisis* in respect to statutory interpretation has 'special force,' for 'Congress remains free to alter what we have done'"; "Congress has long acquiesced in the interpretation [the Court has] given" (citations omitted)); *Shepard v. United States*, 544 U.S. 13, 23 (2005) (explaining that there was not "sufficient justification for upsetting precedent here" since the issue was one of statutory interpretation, "and the claim to adhere to case law is generally powerful once a decision has settled statutory meaning. In this instance, time has enhanced even the usual precedential force, nearly 15 years having passed since [the precedent] came down, *without any action by Congress to modify the statute* ...." (citations omitted and emphasis added)); *Patterson v. McLean Credit Union*, 491 U.S. 164, 172-73 (1989) ("Considerations of *stare decisis* have special force in the area of statutory interpretation, for here ... the legislative power is implicated, and Congress remains free to alter what we have done.").

Indeed, Congress's failure to alter the scope of patent-eligible subject matter in light of *State Street,* despite having opportunities on multiple occasions to consider various proposals (*see, e.g.*, S. 2369, 110th Cong.; H.R. 1908, 110th Cong. §10; S. 861, 110th Cong. §303; H.R. 2365, 110th Cong.), is further

probative of the legislature's intent on this subject.[4] *Cf. Bob Jones Univ. v. United States*, 461 U.S. 574, 600-01 (1983) (finding congressional acquiescence in the agency's statutory interpretation based on Congress' failure to act on no fewer than thirteen bills introduced to overturn the agency's interpretation during twelve years).

Additionally, in *Diehr*, this Court's latest binding pronouncement on this subject, this Court recognized principles consistent with the "useful, concrete and tangible results" test, which found its roots in hoary Supreme Court precedent. In addressing its concern over whether a process falls within one of the three enumerated exceptions to patent-eligible subject matter, *i.e.*, "laws of nature, natural phenomena, and abstract ideas" (*see Diehr*, 450 U.S. at 185), the Court recognized that a patent-eligible process should be any "act, or a series of acts" that produces "a beneficial result or effect," as defined by this Court in *Diehr*, 450 U.S. at 183-84 n.7 (quoting *Cochrane*, 94 U.S. at 787-788 and *Corning*, 56 U.S. at 267-68). Further, this Court went on to explain that it has long recognized that

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[4] In this regard, Senator Specter has already cautioned other branches of Government against impinging upon Congressional authority to regulate the appropriate scope of patent-eligible subject matter. *See, e.g.,* Letter from Arlen Specter, to Hon. Henry Paulson, Secretary of Treasury (Feb. 1, 2008) ("Specter Letter"), *available at* http://www.regulations.gov/fdmspublic/component/main?main=DocumentDetail&o=09000064803ba1a6 (cautioning the IRS against taking steps to regulate "tax strategy" patents because "the proposed regulations have been developed without consideration given to steps Congress is taking to address the issue").

patent-eligible subject matter includes "one or more processes ... to produce a certain result or manufacture" and that "[i]t is for the discovery or invention of some practical method or means of producing a beneficial result or effect, that a patent is granted ...." *Diehr*, 450 U.S. at 184 n.7 (quoting *Corning*, 56 U.S. at 267-68).

In addition, the "useful" requirement of the "useful, concrete and tangible results" test set forth in *State Street* is consistent with §101 which states "[w]hoever invents or discovers any new and useful process ...." 35 U.S.C. §101. Similarly, the "concrete and tangible" requirement, *i.e.*, the converse to "abstract ideas," is consistent with this Court's mandate that a patent-eligible process cannot claim merely "laws of nature, natural phenomena, [or] abstract ideas." *See Diehr*, 450 U.S. at 185 (citing *inter alia Flook*, 437 U.S. at 589 and *Benson*, 409 U.S. at 67).

C. The *Bilski* Majority's Restriction on Patent-Eligible Transformations Is Contrary to The Rationale of this Court's Precedent

The *Bilski* majority's limitation on the types of transformations that can be patent-eligible processes (*cf.* 545 F.3d at 962-63) is also error and contrary to the rationale of this Court's precedent.

In particular, the rationale for the majority's blanket exclusion of "electronic signals and electronically-manipulated data" and "business

methods," involving, for example, manipulation of "legal obligations, organizational relationships, and business risks"–today's "raw materials" of innovation–as patent-eligible subject matter unless tied to a computer or some other machine (*see Bilski*, 545 F.3d at 962) is contrary to the rationale used by this Court in developing the transformation prong of the "machine-or-transformation" test that the *Bilski* majority seeks to apply. *See Bradford*, 214 U.S. 383-86. While definiteness requirements (§112) may preclude claims directed to purely mental steps from being patent-eligible subject matter, the patent-eligibility test under §101 should not turn on what type of transformation occurs.

This Court addressed a similar issue a century ago in *Bradford*, when raw materials of a mechanical nature raised issues regarding the scope of patent-eligible subject matter which had previously been contemplated in the context of chemical processes.

In arguing against a narrow interpretation of patent-eligible processes, the Respondent explained:

> The doctrine that processes are not patentable unless they involve chemical reactions and elemental changes is unjust and contrary to the spirit of the Constitution and the intent of the patent laws.
>
> If it be conceded–and it cannot be logically denied–that an exercise of the inventive faculties can be involved in the discovery of a combination of

> functions, acts or operations, by which a new and useful result is obtained, then to deny the patentability of such inventions is to establish a ***false standard of patentability***, and to exclude a large class of meritorious inventors from the protection of the patent laws.

Bradford, 214 U.S. at 370 (Syllabus)(emphasis added)(citations omitted).

In response to this compelling argument, this Court held that it "did not intend to limit process patents to those showing chemical action or similar elemental changes" and that "an invention or discovery of a process or method involving mechanical operations, and producing a new and useful result, may be within the protection of the Federal statute, and entitle the inventor to a patent for his discovery." *Bradford*, 214 U.S. at 384-86.[5]

Similarly, patent-eligibility for today's building blocks, existing in the form of, for example, legal obligations and financial transactions, should not be foreclosed by rigid rules or "false standard of

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[5] Indeed, a rule which categorically proscribes human-implemented methods from being patent-eligible subject matter is contrary to long standing Supreme Court precedent. For example, in reaching its decision in *Bradford*, this Court approvingly quoted *Walker on Patents* as hornbook law: "valid process patents may be granted for 'operations which consist entirely of mechanical transactions, ***but which may be performed by hand*** or by any of several different mechanisms or machines.'" *Id.* at 383 (citation omitted) (emphasis added).

patentability" like those that this Court refused to adopt a century ago.

Judge Newman's dissent below summarizes this point:

> The breadth of Section 101 and its predecessor provisions reflects the legislative intention to accommodate not only known fields of creativity, but also the unknown future. The [Supreme] Court has consistently refrained from imposing unwarranted restrictions on statutory eligibility, and for computer-implemented processes the Court has explicitly rejected the direction now taken. Nonetheless, [the majority] now adopts a redefinition of 'process' in Section 101 that excludes forms of information-based and software-implemented inventions arising from new technological capabilities, [erroneously] stating that this result is required by the [Supreme] Court's computer-related cases.

Bilski, 545 F.3d at 978 (Newman, J. dissenting).

The majority's limited view that transformations of legal obligations are somehow not patent-eligible is also contrary to over two centuries of patent practice at the USPTO. Indeed, long before *State Street*, or even *Diehr*, the USPTO issued countless patents directed to the so-called "liberal"

arts of "law" (like insurance and contracts) and "marketing":

- U.S. Patent No. 871, "Bank Note" (issued Aug. 3, 1838) (directed to a process of "engraving, printing or any way expressing the sum in large letters, words or figures on the face of the note ....");

- U.S. Patent No. 1700, "Improvement in the Mathematical Operation of Drawing Lottery-Schemes" (issued July 18, 1840) (claim directed to a process of "making [lottery] tickets [using an algorithm], diminishing the number of tickets ... and regulating the drawing ....");

- U.S. Patent No. 389,818, "Complemental Accident Insurance Policy" (filed Jan. 19, 1888) (claims directed to a "complemental insurance policy");

- U.S. Reissue Patent No. RE11,270, "Means For Insuring Travelers Against Loss By Accident" (filed July 21, 1892) (claims directed to a "means for insuring travelers and others against loss by accident");

- U.S. Patent No. 883,380, "Check" (filed Apr. 12, 1906) (claims directed to a "check having on each face a contract portion and a series of value designations");

- U.S. Patent No. 918,280, "Fractional-Insurance Policy" (filed Aug. 15, 1907) (claims directed to a "fractional insurance policy");

- U.S. Patent No. 1,045,331, "Cigar Container" (filed July 19, 1911) (claims directed to a "cigar container" that is described in the patent as being "especially useful in marketing cigars in original packages," col. 1, ll. 33-34);

- U.S. Patent No. 1,150,708, "Method of Marketing Trees" (filed Mar. 9, 1914) (claims directed to a "method of preparing and marketing trees");

- U.S. Patent No. 1,254,870, "Means Used In Accounting" (filed Sept. 9, 1916) (claims directed to a "triplicate invoice and receipt");

- U.S. Patent No. 1,419,739, "Marketing Bag" (filed June 17, 1920) (claim directed to an "open topped bag adapted for marketing").

The significance of these examples lies not in whether each individual patent was good or bad, but in demonstrating that the concept of "patent-eligible" subject matter has long recognized any "useful" invention, regardless of whether the use was in a "liberal" art (like law or marketing) or a "mechanical" or "chemical" art.

In particular, the USPTO previously explained in "A USPTO White Paper" entitled "Automated Financial or Management Data

Processing Methods (Business Methods)," the following:

> Financial apparatus and method patents date back to [the 1790s]. ... The first fifty years of the U.S. Patent Office saw the granting of forty-one financial patents in the arts of bank notes (2 patents), bills of credit (1), bills of exchange (1), check blanks (4); detecting and preventing counterfeiting (10), coin counting (1), interest calculation tables (5), and lotteries (17). Financial patents in the paper-based technologies have been granted continuously for over two-hundred years.

A USPTO White Paper, at 2 (ver. 1.43), *available at* www.uspto.gov/web/menu/busmethp/whitepaper.pdf.

The *Bilski* majority's new judicial carve-outs from the scope of patent-eligible subject matter should be rejected again by this Court.

D. This Court Should Clarify That a Computer-Implemented Invention Which Operates on a General-Purpose Computer Is Nonetheless Patent-Eligible as Long as It Does Not Preempt a Fundamental Principle

Benson held that the claimed method of converting a signal from "binary coded decimal" to

"binary" in a general-purpose digital computer of any type was not patent-eligible subject matter. *Benson*, 409 U.S. at 64, 71-72. As the *Bilski* majority recognized, "the claimed process operated on a machine, a digital computer, but was still held to be ineligible subject matter." 545 F.3d at 955. Thus, the determinative factor concerning patent-eligibility was not whether the process was tied to a machine, as called for by the "machine-or transformation" test, but rather that a "fundamental principle [was] at issue." *Id.* The *Benson* Court found the claim objectionable because it sought to, in essence, preempt a fundamental principle for an entire field of use, as the *Bilski* majority explained. *See id.*

However, there has been much confusion generated over the "general-purpose computer" language used in *Benson* as compared to a so-called "special-purpose computer." *See Benson*, 409 U.S. at 65. For more than fifteen years, the law seemed to have been settled by *In re Alappat*, 33 F.3d 1526 (Fed.Cir. 1994) (en banc), where the Federal Circuit explained that "a general purpose computer in effect becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software." *Id.* at 1545. Yet, as Judge Newman explains in her dissent, the *Bilski* majority's holding again raises "uncertainty" in this area:

> [In the majority's opinion, w]e aren't told when, or if, software instructions implemented on a general purpose computer are deemed "tied" to a "particular machine," for if *Alappat's*

> guidance that software converts a general purpose computer into a special purpose machine remains applicable, there is no need for the present ruling. For the thousands of inventors who obtained patents under the court's now-discarded criteria, their property rights are now vulnerable.

Bilski, 545 F.3d at 994-95 (Newman, J., dissenting).

This uncertainty has been further exacerbated by the BPAI, which has drawn nonsensical distinctions between general-purpose computers and specific-purpose computers:

- *Ex parte Gutta*, No. 2008-3000, slip op. at 5-6 (BPAI Jan. 15, 2009) (rejecting under §101 a claim reciting a "computerized method performed by a data processor");

- *Ex parte Nawathe*, No. 2007-3360, 2009 WL 327520, at *4 (BPAI Feb. 9, 2009) (rejecting under §101 a claim reciting a "computerized method" of inputting and representing XML documents as insufficiently tied to "a particular computer specifically programmed for executing the steps of the claimed method");

- *Ex parte Cornea-Hasegan*, No. 2008-4742, slip op. at 9-10 (BPAI Jan. 13, 2009) (rejecting under §101 a claimed method for predicting results of mathematical operations, finding that "[t]he recitation of a 'processor'

> performing various functions is nothing more than a general purpose computer that has been programmed in an unspecified manner to implement the functional steps recited in the claims").

This confusion has been further compounded with district court decisions that have used this non-sensical reasoning as a basis to declare computer implemented claims which can operate on any computer, but must perform specific delineated steps, as being patent-ineligible. *E.g., DealerTrack, Inc. v. Huber*, No. CV 06-2335, 2009 U.S. Dist. LEXIS 58125, at *12-13 (C.D.Cal. July 7, 2009) (finding the patent invalid under *Bilski* based on the court's findings that the patent did "not specify precisely how the computer hardware and database [were] 'specially programmed,' and the claimed central processor [was] nothing more than a general purpose computer that has been programmed in some unspecified manner," which "[u]nder *Bilski* and the recent decisions interpreting it [could not] constitute a 'particular machine'"); *Cybersource Corp. v. Retail Decisions, Inc.*, No. C 04-03268, 2009 U.S. Dist. LEXIS 26056, at *20-21 (N.D.Cal. Mar. 26, 2009).

Such confusion and "uncertainty" would be eliminated, however, if the inquiry for patent-eligibility was appropriately focused on whether the claimed subject matter falls within one of the four statutory classes and whether it preempts a fundamental principle.

In today's world, where virtually every special-purpose software is written to run on general-purpose computers as we as a society desire, this confusing distinction should be rejected once and for all by this Court.

III. BUSINESS- AND COMPUTER-RELATED PATENTS ARE AN IMPORTANT AND VALUABLE PART OF OUR ECONOMY AND PROMOTE THE PROGRESS OF THE USEFUL ARTS

Patents play an important role in promoting the "progress" of the "useful Arts" and stimulating innovation, and a patent system can promote such progress in a variety of ways.

First, as this Court has recognized, it can promote progress by rewarding innovation with patent rights. *See, e.g.*, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-31 (2002) ("The patent laws 'promote the Progress of Science and useful Arts' by rewarding innovation with a temporary monopoly." (quoting U.S. Const. art. I, §8, cl. 8)); *Chakrabarty*, 447 U.S. at 307 (explaining that "[t]he Constitution grants Congress broad power to legislate 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.' Art. I, § 8, cl. 8" and that "[t]he patent laws promote this progress by offering inventors exclusive rights for a limited period as an incentive for their inventiveness and research efforts").

President Lincoln described the development of a patent system as one of the three most important developments in the world's history "on account of [its] great efficiency in facilitating all other inventions and discoveries," and explained:

> Next came the patent laws. These began in England in 1624, and in this country with the adoption of our Constitution. Before then any man [*might*] instantly use what another man had invented, so that the inventor had no special advantage from his invention. The patent system changed this, secured to the inventor for a limited time exclusive use of his inventions, and thereby added the fuel of interest to the fire of genius in the discovery and production of new and useful things.

Abraham Lincoln, *Lecture on "Discoveries, Inventions and Improvements,"* delivered before the Library Association of Springfield, Illinois, Feb. 22, 1860, *reprinted in* 5 LIFE AND WORKS OF ABRAHAM LINCOLN, *Speeches and Presidential Addresses, 1859–1865* 13 (Marion Mills Miller ed., centenary ed.) (1907).[6]

But this is not the only way patent systems "promote progress." Public disclosure in patents is

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[6] Besides being the sixteenth president of the United States, Mr. Lincoln was the inventor on U.S. Patent No. 6,469, entitled "Buoying Vessels Over Shoals," (filed Mar. 10, 1849).

another important way that progress is promoted.[7] Shortly after the 1952 Act was passed, Judge Rich presented a series of lectures on the then-new Act, which provides useful insight into the varying purposes of patent laws. With respect to the role our patent laws serve regarding "incremental inventions" and "becom[ing] part of the technical literature," Judge Rich stated:

> In the remote corners of the most crowded arts, progress is made by the proliferation of ideas, different and unobvious ways of doing the same thing, so that the reservoir of inventions fills up. It should never be forgotten that *patented* inventions are published and become a part of the technical literature. This publication itself promotes progress in the useful arts and it is the prospect of patent rights which ***induces the disclosure*** and the issuance of the patent which makes it available.

Giles S. Rich, *The Principles of Patentability*, 42 J. Pat. Off. Soc'y 75, 83 (1960) (emphasis added).

These words of wisdom from almost half a century ago ring particularly true when it comes to software and financial service-related inventions. Prior to *State Street* and the "great flood" of

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[7] As Senator Specter has recently explained:

> U.S. patent policy has historically sought to balance the goal of encouraging innovation with the need for public disclosure.

Specter Letter, *supra* note 4, at 1.

"business method" patents, there was a dearth of prior art available as to computer software and financial service innovations.[8]

It is perhaps ironic that the greatest complaint levied against these types of patents is that so many applications–disclosing the previously withheld secrets of these industries–are being submitted to the USPTO, and are becoming part of our public literature. Thus, the greatest complaint against these types of patents is perhaps the greatest justification for them.

One industry participant aptly explained how in the financial service industry the need for patent protection of financial service products and the resulting benefits of transparency have evolved out of *State Street* and its progeny:

> Two additional factors seemed to conspire further to drive financial service firms to the patent office –

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[8] Congress addressed this void with the prior user right of §273 for patents which cover "a method of doing or conducting business," because prior to that time these industries did not disclose what they did and how they did it. *See* Julie E. Cohen & Mark A. Lemley, *Patent Scope and Innovation in the Software Industry*, 89 Cal. L. Rev. 1, 13 (2001) ("prior art in this particular industry may simply be difficult or, in some cases, impossible to find because of the nature of the software business"; "Unlike inventions in more established engineering fields, most software inventions are not described in published journals. Software innovations exist in the source code of commercial products and services that are available to customers. This source code is hard to catalog or search for ideas.").

adoption of internet-based technologies to interact with clients and new regulations demanding financial, tax and accounting transparency. While the internet transformed many companies and even entire industries, few industries felt the effects more dramatically than financial services. Aside from effectively replacing the telephone, the internet fundamentally transformed the back office as well. Far from just a matter of automation, firms took pains to think through their entire value chains and re-engineer how they did business with their clients. Entire new processes and systems were being invented at a break-neck pace and the effects on the industry and the economy were breathtaking .... ***Of course, virtually inherent with the rise of the internet, there was a concomitant loss of the ability to effectively maintain trade-secrets protection, and therefore, less of an ability to retain proprietary rights in all the inventive activity the internet became unleashed.***

Second, particularly in the area of new financial products, transparency ***became essential*** as a result of U.S. Treasury and IRS regulations designed to combat a growing problem with corporate tax shelters. Under the regulations, any financial structure offered having U.S. tax consequences

> was subject to being registered as a corporate tax shelter if the client or potential client was bound to confidence regarding the structure. Accordingly, ***confidentiality agreements were regarded as a regulatory kiss-of-death*** for such offerings and ***trade secret protection as a predominant form of intellectual property protection disappeared virtually overnight***. Thus, a regulatory push for transparency coupled with an internet-fueled pull for process re-engineering dictated the solution – have it both ways – that is, ***keep rights proprietary and at the same time embrace transparency: seek a patent.***

John A. Squires and Thomas S. Biemer, *Patent Law 101: Does A Grudging Lundgren Panel Decision Mean That The USPTO Is Finally Getting The Statutory Subject Matter Question Right?,* 46 IDEA 561, 565 (2006) (emphasis added).

Others in the financial service industry have also emphasized the importance of patents to the industry in a submission in response to a proposed IRS Regulation that would discourage so-called "tax strategy" patents as follows:

> Beginning in the late 1990's, patent issues became of increasing importance in the financial services industry primarily as a result of information technology advances,

> deployment of those technologies by SIFMA [Securities Industry and Financial Markets Association] members and new legal precedent confirming an expansive U.S. patent regime. ***From the outset, SIFMA and its predecessor organizations have been active voices in advocating for a patent system that achieves and maintains a balance between the rights of patent holders and the public's right to access fundamental structures, and that promotes interoperability between the complex technologies comprising much of the financial services industry and financial market infrastructure.***

Letter from Patti McClanahan, Managing Director, SIFMA, to IRS (Jan. 31, 2008), *available at* http://www.regulations.gov/fdmspublic/component/main?main=DocumentDetail&o=09000064803a89dd (emphasis added).

The role of patents related to financial transactions, e-commerce and internet related activities in the economy is important. Such patents, when deserved, should be awarded to encourage innovation, transparency, and add to the public warehouse of knowledge.

CONCLUSION

While the *Bilski* majority did restate much of the relevant law on patent-eligible subject matter correctly, *Amici Curiae* respectfully submit that the majority deviates from this Court's precedent and Congress's mandate as discussed herein. The appropriate analysis for determining patent-eligibility of processes should not be limited to applications that are either tied to a computer or other machine or require a strict physical transformation. A process under §101 is "an act or series of acts" which does not preempt a "fundamental principle." This Court should reject any effort to create a rigid short-hand analysis or other "governing" test.

Respectfully submitted,

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APPENDIX A

DESCRIPTION OF *AMICI CURIAE*

The various *amici curiae* sponsoring this submission ("*Amici Curiae*") reflect mid-sized and smaller members of the financial service, e-commerce, and computer-related industries. While *Amici Curiae* do not advocate that the claims at issue are entitled to be patented, as reflected by the present submission, each of these *Amici Curiae* believe it is important to maintain a strong patent system that allows for all types of innovations that do not pre-empt a fundamental principle to remain patent-eligible subject matter.

Double Rock Corporation is an industry leader in providing cash management services and technology solutions to the banking, broker-dealer, qualified plan and retail markets. The principals of Double Rock developed an innovative product known as "insured deposits," which provides financial institutions, including broker dealers and asset managers, with the ability to offer customers FDIC-insured, interest bearing demand accounts, with unlimited checking. Over the past decade, Double Rock has developed many improvements for systems and methods used to implement these and other financial service products. These and other financial products are offered by its affiliates, LIDs Capital LLC, Intrasweep LLC and Access Control Advantage, Inc. Double Rock's subsidiary, Island Intellectual Property LLC, owns and manages Double Rock's patent portfolio for its insured deposit products. Without the promise of patent protection,

it would be difficult for Double Rock, as a relatively smaller player in the financial service industry, to invest in these innovative products.

eComp Consultants is an intellectual property consulting and litigation support firm providing professional services in the areas of internet, telecommunications, and information technology. eComp Consultants consists of a collaborative staff of senior industry experts and executives to provide technology research, expert reports, deposition, trial testimony. eComp Consultants specializes in advising attorneys and their clients on the technical aspects of patent infringement and portfolio valuation. eComp Consultants has a vested interest protecting the value of intellectual property and ensuring that patent law is forward looking and promoting innovation in all areas.

Pipeline Trading Systems LLC operates the Pipeline Alternative Trading System (ATS) that enables institutions and brokerage firms to quickly and efficiently trade blocks of NYSE-listed companies, NASDAQ stocks, ADRs, and Exchange Traded Funds. Pipeline's block execution system increases control, saves time and empowers the institutional trader to achieve unmatched execution performance on large orders. The Algorithm Switching Engine™ revolutionizes access to dark and displayed liquidity, predicting on a minute-by-minute basis the best algorithm to implement the trader's instructions. Its patent-pending predictive technology minimizes market impact while accessing significant sources of liquidity.

Rearden Capital Corporation is an investment company in a wide range of innovative technology. The principal of Rearden is an inventor on multiple issued patents and pending applications in a wide variety of subject matters ranging from systems and method for e-commerce, to renewable energy systems, communication devices, among other technologies. Rearden has a strong belief that the patent system equalizes the small inventors and allows them an opportunity to contribute to the storehouse of human knowledge with less resources.

Craig Mowry is an independent inventor and filmmaker living in New York. Mr. Mowry has developed a wide range of inventions that are the subject of many pending patent applications and issued patents. His inventions for interactive communication are revolutionary systems and methods which will improve the avenues for connecting internet users with relevant information and people of interest. These innovations will also allow the individual to participate in the visuals and programming seen by other people, around the world. His unique technology and methods for building these bridges through multi-media platforms rely on patent protection in funding and enabling their creation and ongoing improvement.

PCT Capital, LLC, is an advisory and asset management firm focused on an emerging intellectual property (IP). PCT Capital recognizes that in the last 30 years, there has been a shift from a labor-driven economy to a knowledge-based

economy and that intangible assets such as IP have overtaken traditional capital assets such as real property, plant and equipment. As a result, PCT Capital's IP advisory team provides services to help companies (directly or via venture, private equity, buy-out and turn-around funds who invest in them) create, acquire, manage, dispose and monetize IP assets.