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Intellectual Property Attorneys

PATENT PROTECTION FOR HIGH TECHNOLOGY

The War on Patentable Subject Matter: Battlefield Update

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Overview

- The story behind Bilski
- The Initial Battles in the War on Patentable Subject Matter in Software/Business Method Innovations
- The Turning Point
- The Recent Battles
- Is Bilski the final battle?

The Story Behind Bilski

- Weatherwise USA founded in 1996
- Filed Patent Application in 1997 for "Energy Risk Management Model"
- Weatherwise USA has exclusive license to technology in patent application

The Story Behind Bilski

- Weatherwise USA contracts with utility companies to provide the following services:
  - Set rates for fixed price billing programs
  - Provide marketing assistance
  - Set up call centers to enroll customers
- Contract with CenterPoint Energy & Excel Energy in Minnesota

The Initial Battles

- *In re Lowry*, 32 F.3d 1579 (Fed. Cir. 1994)
  - Computer memory data structure is patentable
- *In re Beauregard*, 53 F.3d 1583 (Fed. Cir. 1995)
  - Computer program embodied on a tangible medium

The Initial Battles

- *State Street Bank & Trust Co. v. Signature Financial Group, Inc.,* 149 F.3d 1368 (Fed. Cir. 1998)
  - No business method exception to patent eligible subject matter
- *35 U.S.C. § 273(a)(3)*
  - Provides a prior user right for methods of conducting business

The Turning Point

- *Laboratory Corp. of Am. Holdings v. Metabolite Laboratories, Inc.,* 126 S. Ct. 2921 (June 22, 2006)
  - Dissent -- "That case [State Street Bank] does say that a process is patentable if it produces a "useful, concrete, and tangible result." 149 F. 3d, at 1373. But this Court has never made such a statement and, if taken literally, the statement would cover instances where this Court has held the contrary."

The Recent Battles

- *In re Nuijten*, 500 F.3d 1346 (Fed. Cir. 2007)
  - Signal with encoded with data does not define patentable subject matter
- *In re Comiskey*, No. 2006-1286, slip. op. (Fed. Cir. 2007 – the first one; second decision in 2009)
  - "[C]laims 1 and 32 claim the mental process of resolving a legal dispute between two parties by the decision of a human arbitrator."

The Recent Battles

- *2005 USPTO's Examination Guidelines*
  - *A) Do claims fall into one of the categories of § 101*
    - *Process, machine, article of manufacture, composition of matter*
  - *B) Do claims fall within a judicial exception*
    - *Laws of nature, abstract ideas, natural phenomena*
-

The Recent Battles

- *2005 USPTO's Examination Guidelines*
  - *C) Do claims have a practical application?*
    - *Concrete, Useful & Tangible result*
  - *D) Do claims preempt all applications of the judicial exception*
-

The Recent Battles

- May 15, 2008 PTO Memo to Examiners Clarifying the Examination Guidelines for a Process
  - The office's guidance to examiners is that a § 101 process must:
    - (1) be tied to another statutory class (such as a particular apparatus) or
    - (2) transform underlying subject matter (such as an article or materials) to a different state or thing.

Bilski: The Final Battle

- Questions Presented
- Petitioner's Brief
- Respondent's Brief
- Franklin Pierce Law Center's Amicus Brief
- Other Amicus Briefs

Questions Presented

- Whether the Federal Circuit erred by holding that a "process" must be tied to a particular machine or apparatus, or transform a particular article into a different state or thing ("machine-or-transformation" test), to be eligible for patenting under 35 U.S.C. § 101. . .

Questions Presented

- Whether the Federal Circuit's "machine-or-transformation" test for patent eligibility, which effectively forecloses meaningful patent protection to many business methods, contradicts the clear Congressional intent that patents protect "method[s] of doing or conducting business." 35 U.S.C. § 273.

Bilski's Brief

- Section 101 provides patent eligibility for "any" new and useful process
- Section 101 must be read broadly enough to protect methods of doing business under 35 USC § 273

USPTO's Brief

- Section 101 protects industrial and technological processes, and it excludes methods directed to organizing human activity
- Section 273 does not implicitly expand the categories of patent-eligible subject matter in Section 101

Franklin Pierce's Amicus Brief

- The Supreme Court should confirm a broad standard for patentability of method claims
- The Supreme Court should adopt the "Useful, concrete and tangible result test" for patentability of method claims

Other Interesting Amicus Briefs

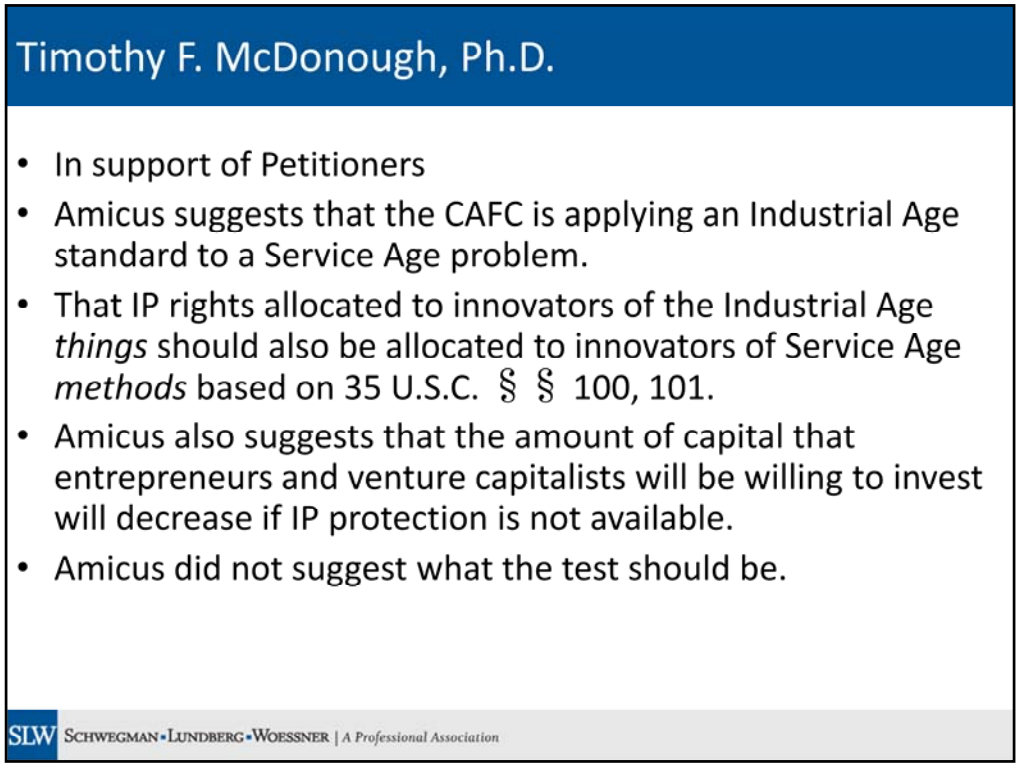
- La Federation Internationale Des Conseils En Propriete Industrielle
  - 101 needs to be construed broadly to allow for flexibility and adaption to ever evolving technological innovations.

Other Interesting Amicus Briefs

- Prometheus Labs
  - If the lower courts rigidly apply the machine or transformation test (as they have been doing), that application will hinder medical research.

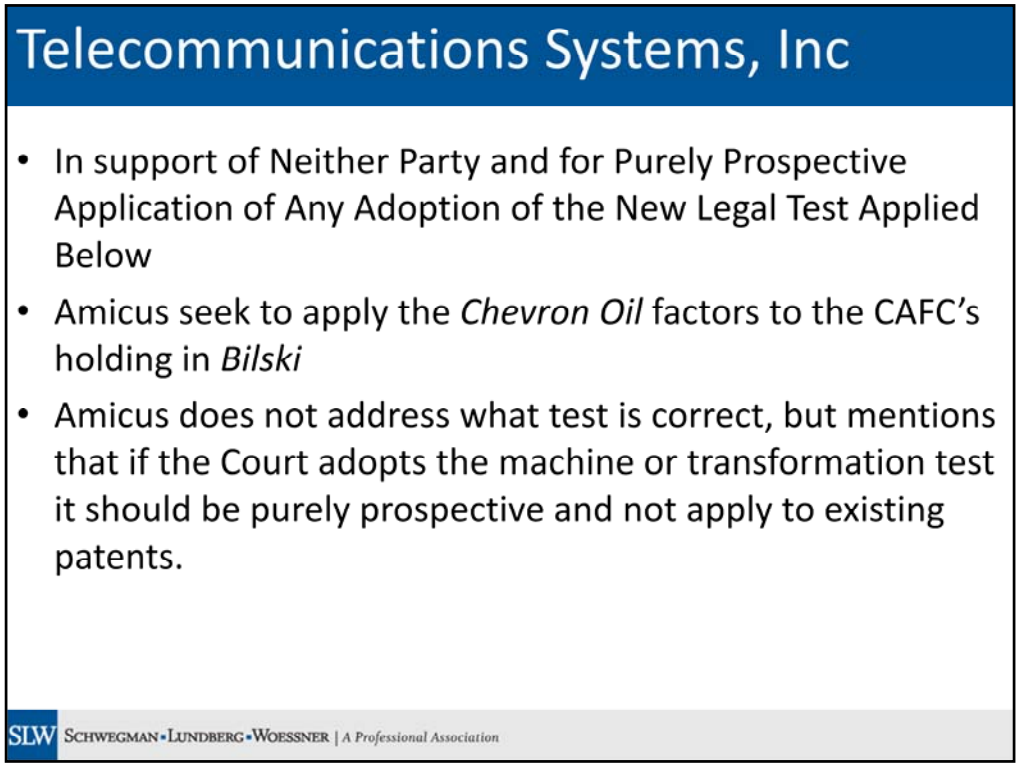
Other Interesting Amicus Briefs

- Dr. Ananda Chakrabarty
  - Court should reject the machine-or-transformation test
  - Amicus is the Chakrabarty from Diamond v. Chakrabarty (1980)



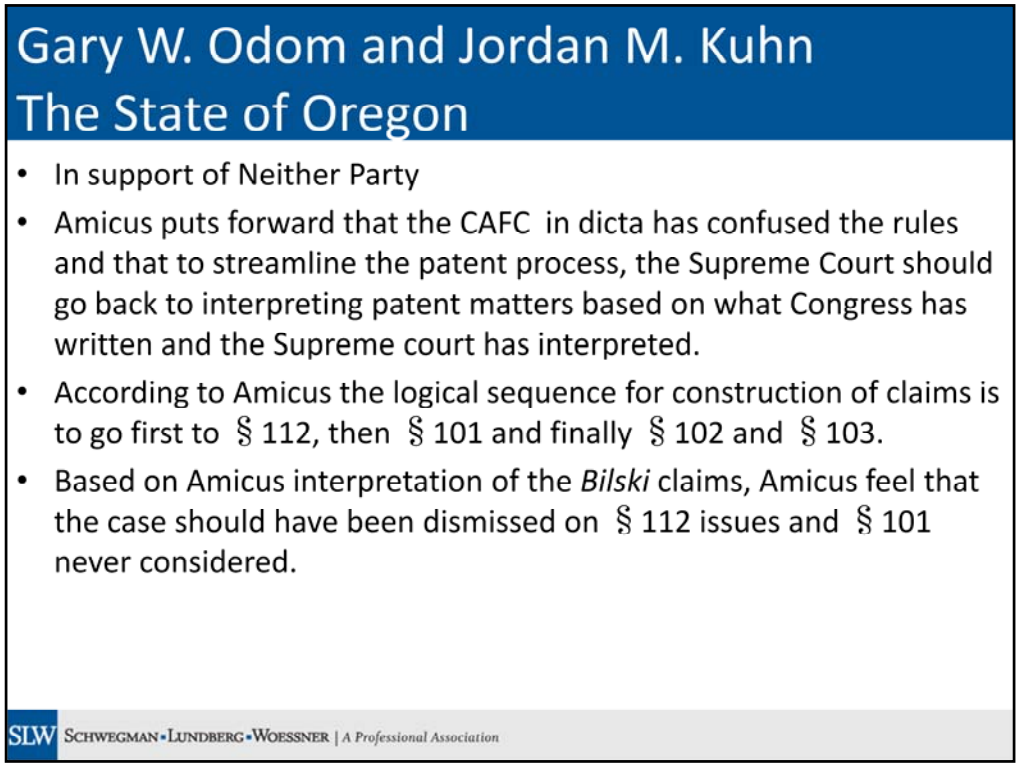
Amicus is the inventor of “Mechanism and business method for implementing a service contract future exchange” and is currently a self-employed business consultant. He has had problems in the past securing capital for his invention and the outcome of *Bilski* has further implemented the willingness of inventors.

“Some service innovations may only rearrange human labor that may operate in a sedentary physical state with no manipulation of matter yet are easily recognized by a rational person to be a useful, concrete and tangible result. Such innovations surely advance the public weal as much or more so in a services dominated economy than the many cleverly constructed gadgets did in the Industrial Age.” 2009 WL 2219306 *4



Amicus is a high technology corporation holding a diverse portfolio of patents and other intellectual property rights and is a leading provider of wireless communication technology including equipment that allows first responders to pinpoint the location of 911 wireless callers. It has recently been sued by "copyists" who attempted to use and expand *Bilski* to invalidate TCS's patents.

"fashioned a rigid, absolute rule for the patentability of processes, a rule better suited for the days of buggy manufacturers and leather dyers than the modern world of information and services." 2009 WL 2247132 FN4 (citing an article featured in Landslide written by Wayne P. Sobon and Erika H. Arner)

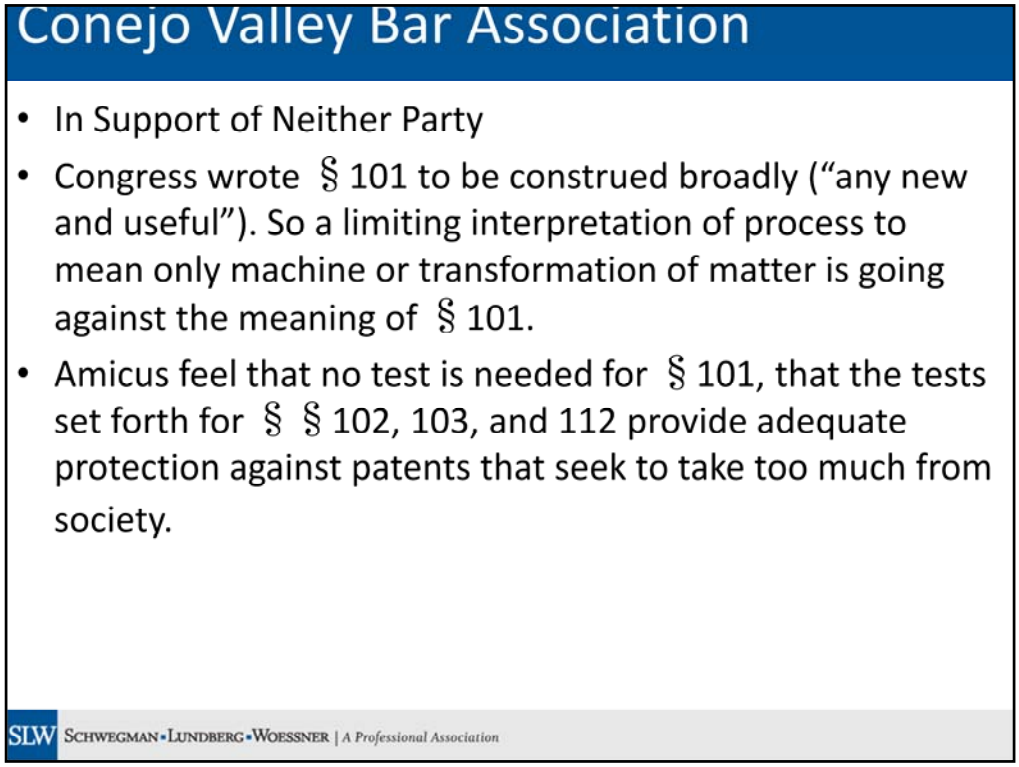


Amicus are patent practitioners, and Odom also is an inventor and patent holder.

"CAFC laxity in its application of § 112¶2 eviscerate definiteness, thereby creating uncertainty. 2009 WL 2247133 * 7

In amicus' opinion § 112 is a stern gatekeeper where as § 101 is an obliging gatekeeper. 2009 WL 2247133 *4

Intersections of § 112¶2 and § 101: (1) "an indefinite process *ipso facto* renders a claim's usefulness unclear, and hence not patentable subject matter." 2009 WL 2247133 *10-11 (2) "processes with variable and unbounded outcomes inherently posses an unpredictability that renders a claim to such a process unworthy of patent protection because its usefulness is uncertain" *Id.* at *12.

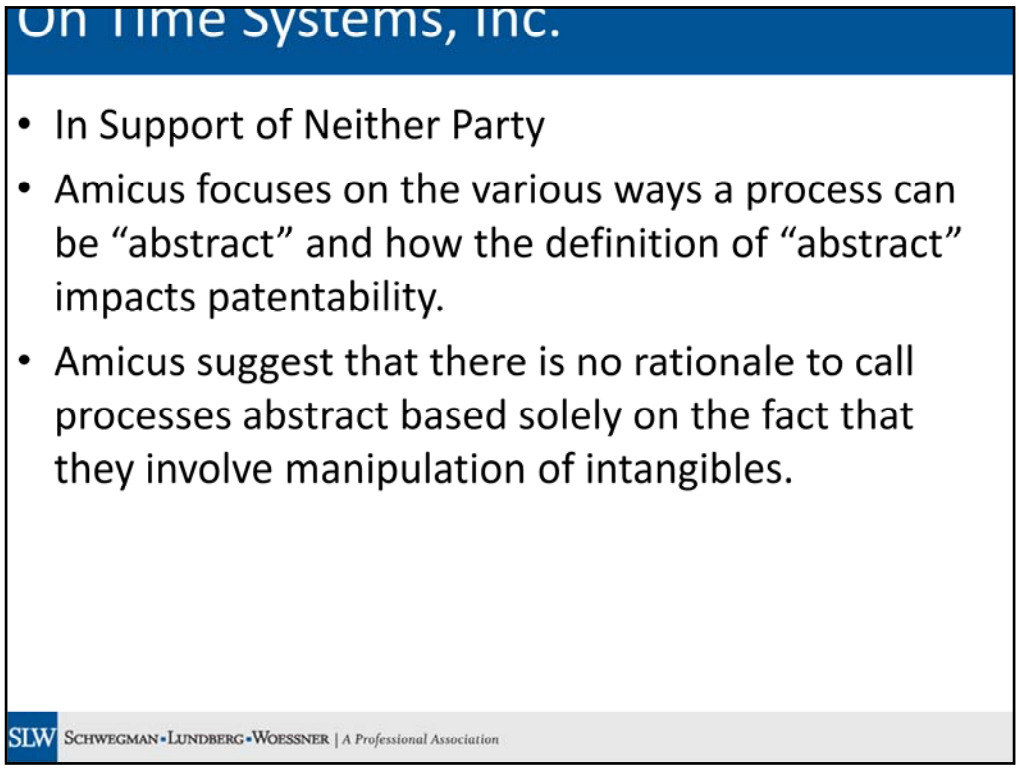


Amicus are an association of practitioners located in the heart of SoCal's Tech. Corridor. The clientele of the practitioners is high tech, high growth companies in fields such as software, biotech, computer networking, telecommunications, and semiconductors. The association is a frequent amicus with regards to patent issues and cares about the issues and not the outcome of the case.

"A process is an act or mode of acting… a conception of the mind, seen only by its effects when being executed or performed." Quoting *Tilghman v. Proctor*

Amicus implies in a discussion based on *KSR* that § 103 is better able to adapt to the changes in technology, since obviousness is based on shared knowledge. Along the lines of the holding in *KSR* amicus say that application and limitations of any test cannot constrain the test in such a way as to restrict the test from serving its purpose. 2009 WL 2406379 *12-13

"The time for filing of a patent application to its grant for business methods are the longest." *Id.* at *16 Partially b/c of the practice of the PTO which squash the number of applications. Congress is aware of the PTO's actions and has means of controlling it, the Court does not need to intervene in the matter.



Amicus is an advanced technology company specializing in software for the optimization of complex industrial problems as well as one of the founders of the corporation is a leader in the artificial intelligence field. It holds a number of patents and is aware that its competitors also hold patents within the same technology areas as On Time Systems operates.

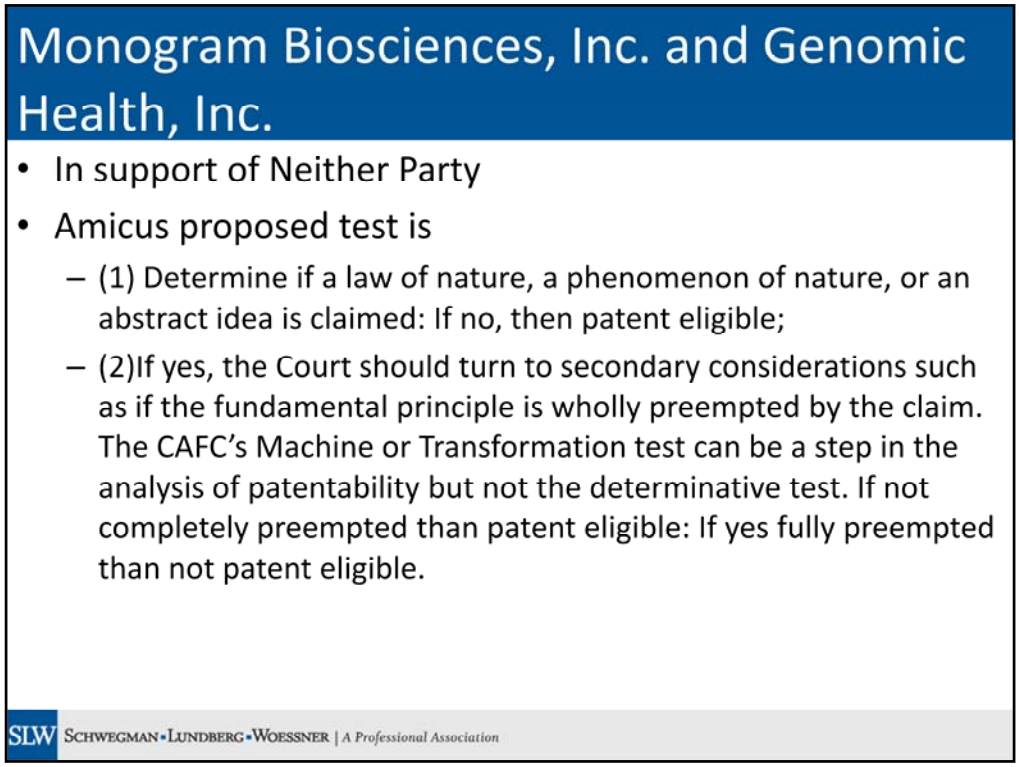
"Inventions can be patentable without being of a sort that would hurt if you dropped them on your foot." 2009 WL 2418476 (In the Summary)

"Processes have historically been labeled as "abstract" in at least the four following distinct ways: (A) as reciting a law of nature; (B) as referring to a broad application of a law of nature without limitation; (C) as being vague and lacking specificity; and (D) as referring to manipulations of intangible entities." Amicus suggest that while there are reasons to exclude A-C there is no similar reasoning to exclude D solely based on the fact that a process can be placed into that category. 2009 WL 2418476 *6-7

The word algorithm when used in some industries is synonymous with "process" and "method". *Id.* at *12 FN3

"Computer algorithms are processes that just happen to manipulate data structures instead of bowling balls" *Id.* at *13

"The evolution of science and technology requires us to recognize that manipulations of representations are fully within the scope of patentable subject matter." *Id.* at *17

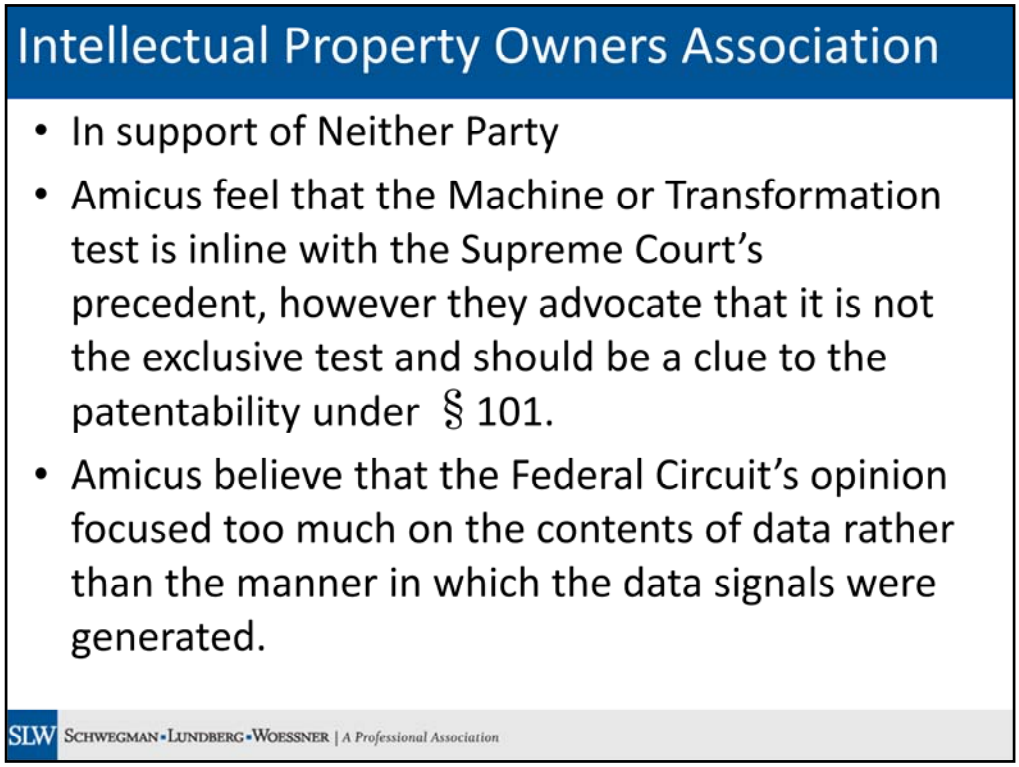


Amicus are publically traded companies that are considered to be the leaders in the field of personalized medicine. (personalized medicine uses molecular diagnostic tests to correlate genetic and molecular biomarkers with clinically useful disease characteristics) Companies in this field live and breathe based on their patent portfolios, no portfolio = no company.

For the proposed test (they call it a framework) the terms "law of nature, phenomenon of nature, and abstract idea" should be defined using the ordinary English sense that they are "universal principles having a central role in scientific practice and each as being fundamental" 2009 WL 2418491 *4-5 The amici also proposed that "The Court adopt a workable definition for each of those terms which could be rationally applied by practitioners." *Id*. at *16 Examples of what Amici would like to see be adopted are on *17-19 (all based on the Oxford English Dictionary with law of nature, phenomenon of nature, and abstract idea also being defined by precedent)

"This Court has consistently and explicitly refused to limit a process to the purely physical." *Id*. at *8 on the other hand in *Bilski* "the Federal Circuit adopts a physical test at the same time that it asserts that it is not adopting a physical test. *Id.* at *11

Amici used the patent that was the subject matter in the *Metabolite* case (U.S. Pat. No. 4,940,658) to illustrate how the machine or transformation test could affect personalized medicine companies and applies their proposed test to Claim 13. (Section B starting on *21)

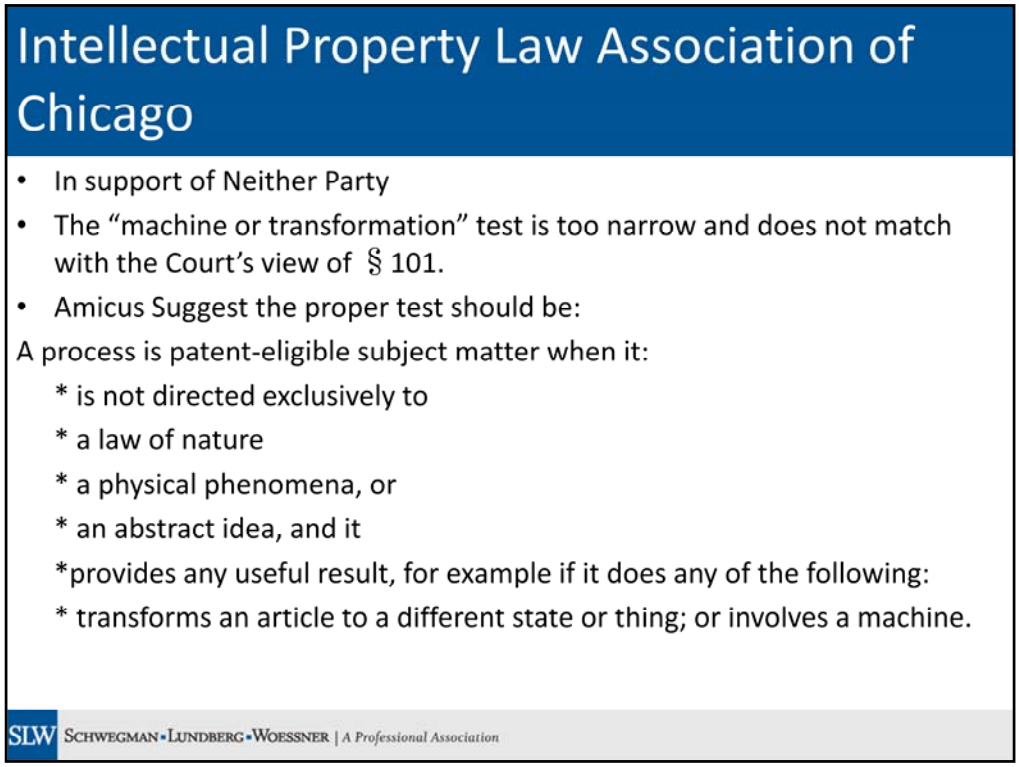


Amicus is a Trade Association representing companies and individuals in all industries and fields of technology who own or are interested in U.S. Intellectual Property Rights.

The Machine or Transformation test is "simply a method for distinguishing between patentable subject matter and 'laws of nature, natural phenomena, and abstract ideas'" 2009 WL 2418482 (Summary)

Claims that set out a "method for changing any existing state of matter, including by generating or modifying an electrical, optical, or any other type of signal to transmit information, is patentable, regardless of whether the subject matter being conveyed relates to images or physical objects, methods of doing business, mathematical functions, or even video games, so long as the methodology for producing the signals are sufficiently defined and the claims meet the other standards for patentability under the Patent Act."

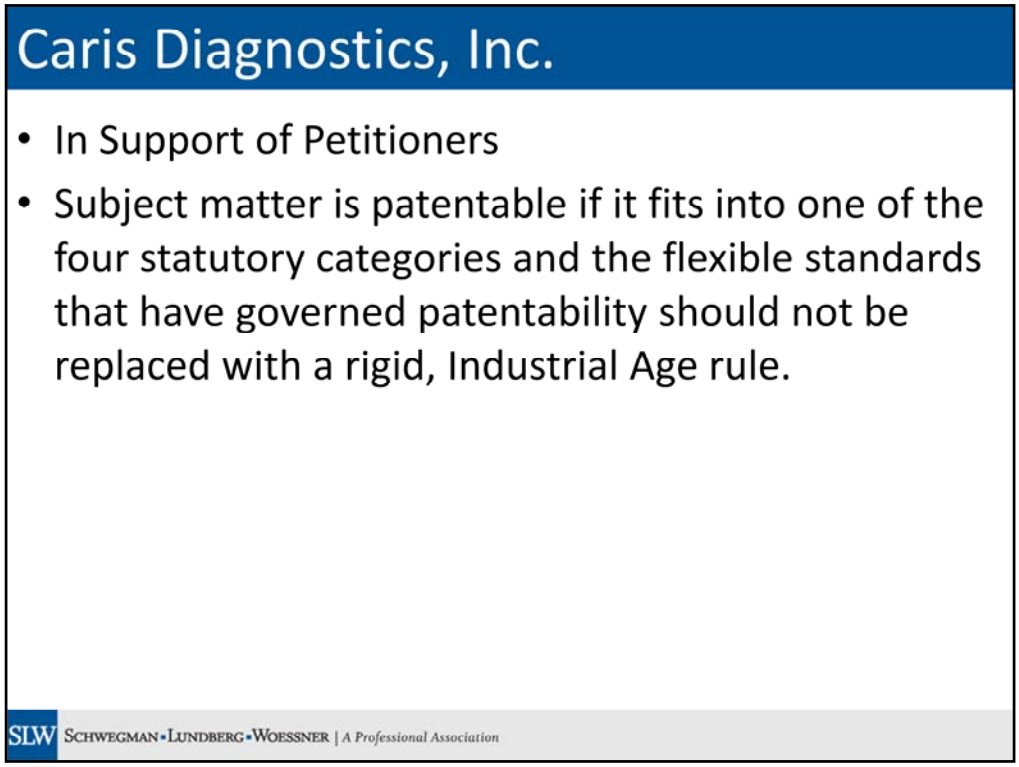
"a process that is tied to the use of a programmable device, including a general purpose computer, generally satisfies the "particular machine" requirement for patent eligibility so long as the claim that requires that the device be programmed to perform the functions specified in the claim in the manner contemplated by the inventor" and the claim meets the other requirements of the Patent act.



Amicus is a voluntary bar association of over 1000 members who work daily with patents, trademarks, copyrights, trade secrets, and the legal issues such IP presents. They are also the oldest IP bar association

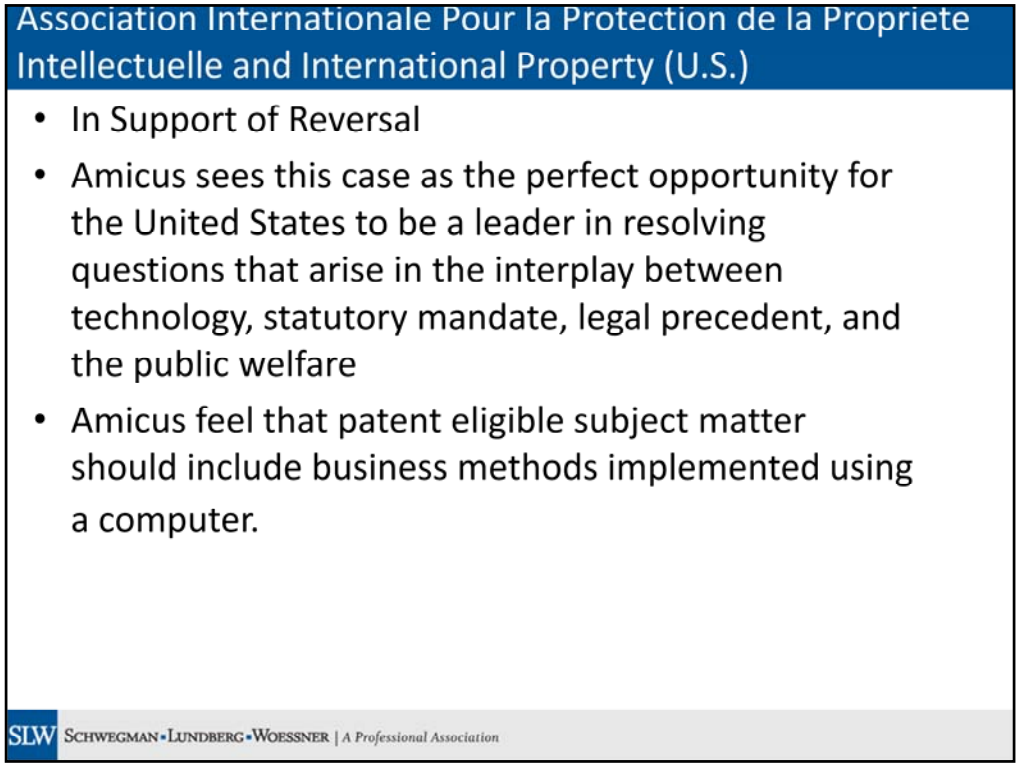
"Nobody wishes more than I do that ingenuity should receive a liberal encouragement." ~Thomas Jefferson

Various members feel that transformation of electronic (or electromagnetic) signals should qualify a process as statutory subject matter. Additionally, both general and specific purpose computers are now ubiquitous machines and an invention that improves a machine ought to be statutory.



Amicus is a personalized medical firm, specializing in tailoring therapeutics for individual patients through diagnostic tests for genetic mutations known as biomarkers. Each diagnostic test is a method and receiving a patent is the safest way to protect this valuable knowledge and also helps in the securing of venture capital.

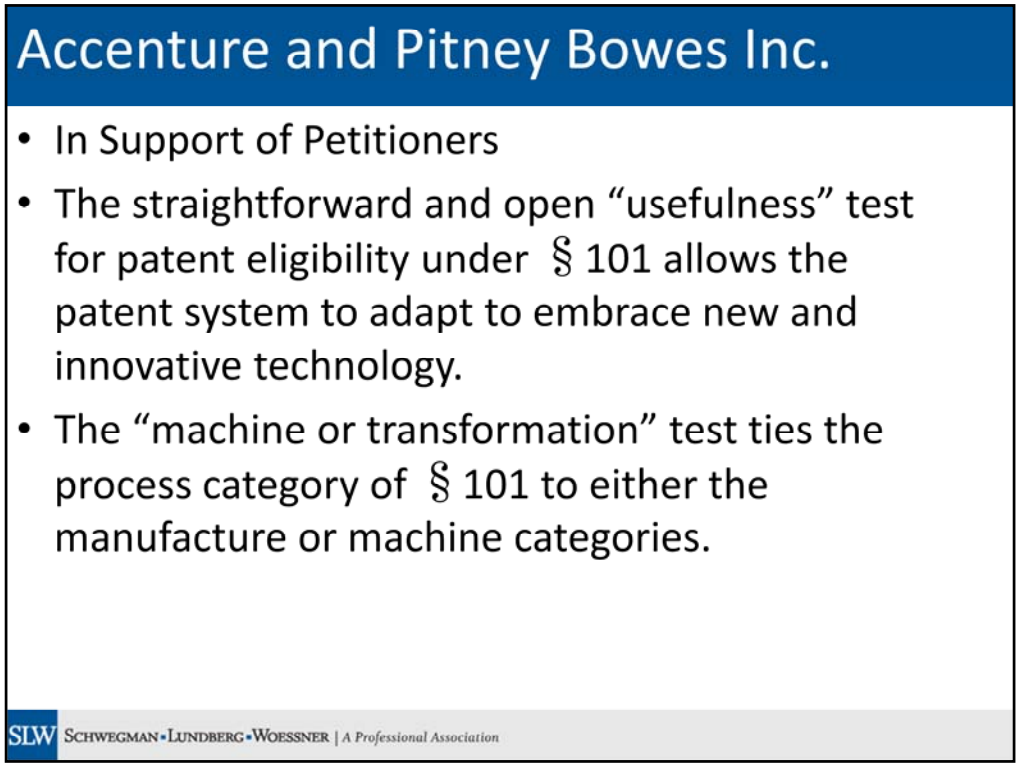
Amicus feel that “without the limited exclusivity of patent protection, health care companies and their investors will lose incentive to research, develop, and commercialize new diagnostics.” This is important to Amicus who specialize in diagnostic tests for cancer. Amicus state that roughly half of Americans will get cancer before dying and about half of the people with cancer will die from the cancer.



Amicus is an international organization dedicated to the development, improvement and legal protection of intellectual property. It has members on all continents (except Antarctica) The organization has contributed considerably to the harmonization of international protection of intellectual property

Amicus regularly publishes resolutions after intensive study on a particular issue in intellectual property.

One Resolution Q133 highlights that computer software meeting the other requirements of patentability should be patentable, since computer software is important in the US economy as well as the World economies.

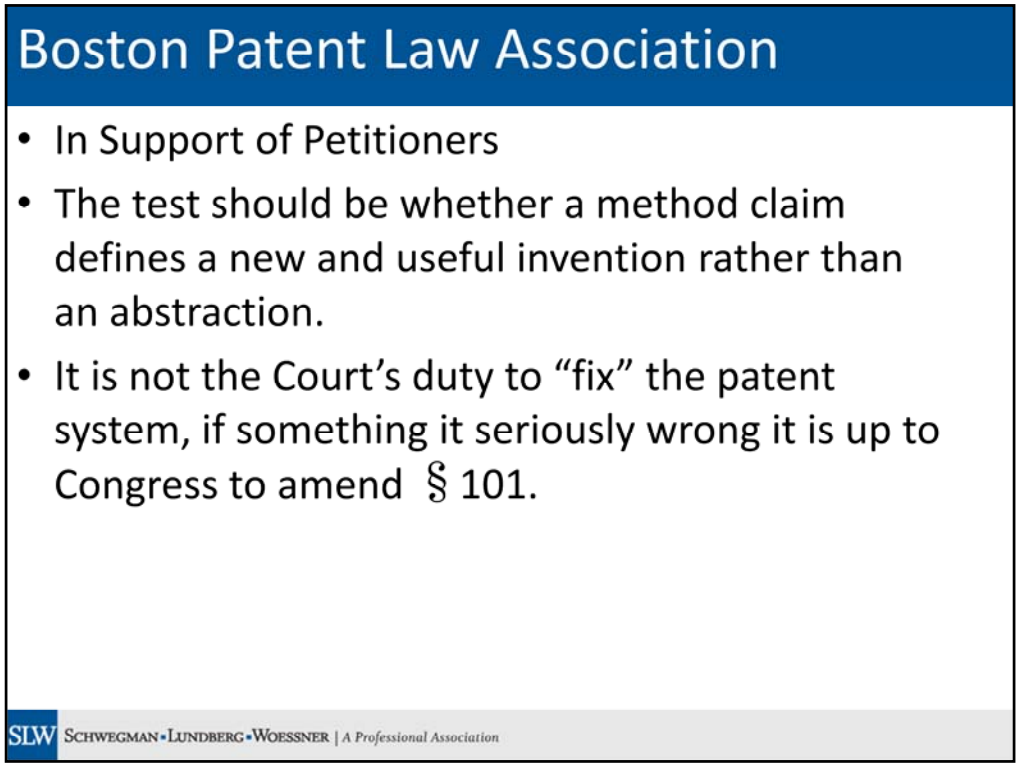


Accenture is one of the world's leading management consulting, technology services, and outsourcing organizations. It has filed 600 patent applications and received 360 US patents.

Pitney Bowes is a Fortune 500 technology company with a patent portfolio dating back over 100 years with 2500 US Patents since 1976. Its portfolio includes various hardware and software implemented technologies with a significant part concerning methods for managing and improving business operations.

§ 101 is flexible since § § 102, 103, and 112 define the "conditions and requirements" for patentability

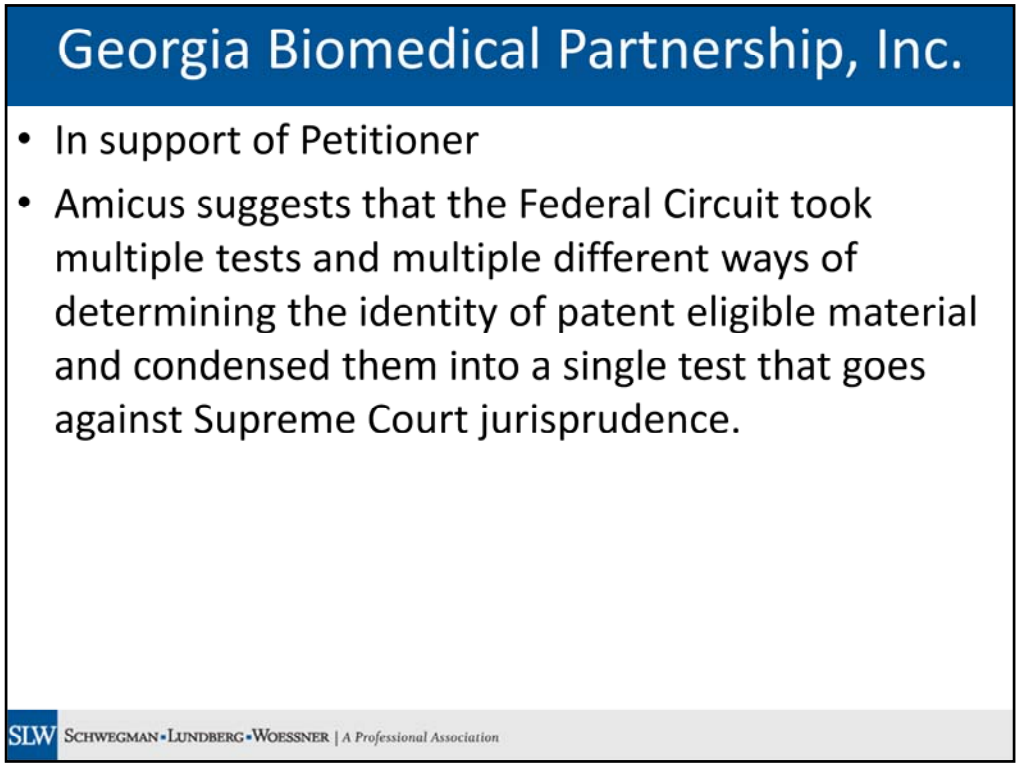
Judge Rich "described sections 101, 102, 103 as doors on the path to patentability, each requiring a separate key." "A claim directed to eligible subject matter satisfies section 101, but that alone will not justify issuance of a patent. The applicant still must provide the keys to sections 102 and 103. " 2009 WL 2418487 *19



Amicus is an IP association that provides educational programs and a forum for the interchange of ideas and information concerning IP rights.

Patents are essential in attracting investments in ideas and without method patents small business in America will be harmed the most.

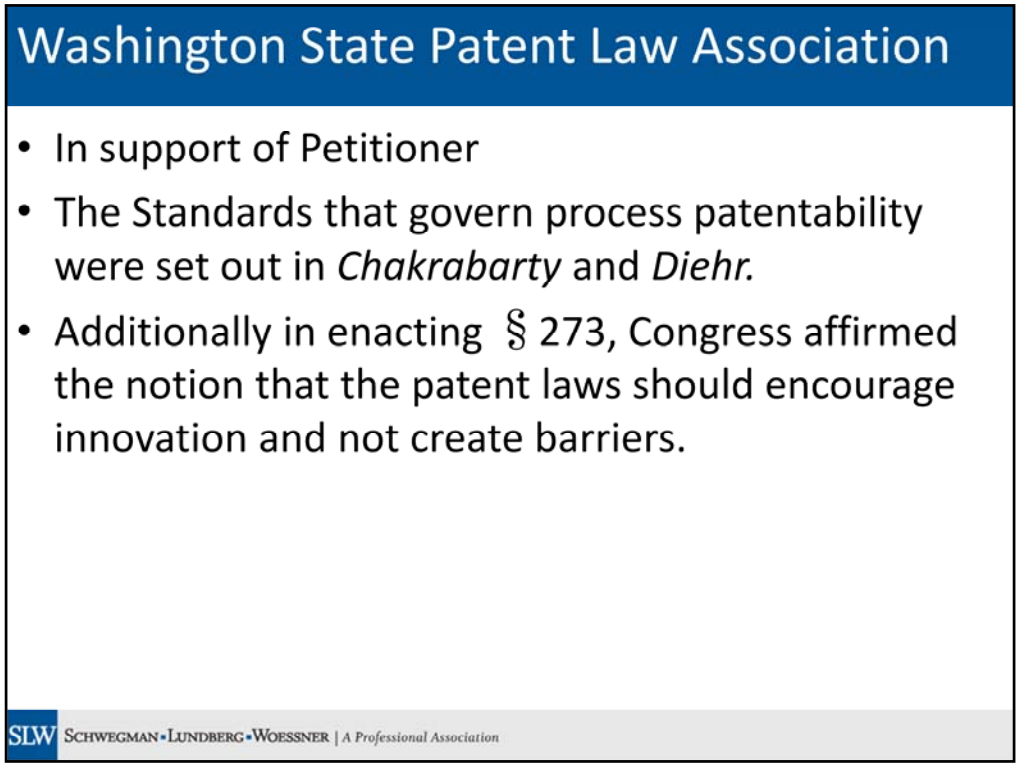
Congress in enacting an inclusive test for patent eligibility, recognizing that paradigm-changing inventions come in unpredictable forms and often push existing frontiers. 2009 WL 2418484 Summary 2nd paragraph.



Amicus is non-profit, membership- based organization that promotes the interests and growth of the life sciences industry in Georgia. It is the state affiliate of the Washington DC based Biotechnology Industry Organization (BIO). Amicus feel that the *Bilski* decision will affect the value of patents held by its members.

Biotech and Pharma need patents otherwise they will not invest the large amounts of money to commercialize inventions that benefit society.

Machine or transformation is a “gateway” test (an invention is patent eligible ONLY if it meets the test) where as the Supreme Court’s jurisprudence aligns more with a “culling” test (figure out what is not patent eligible and then apply a one size fits all test)

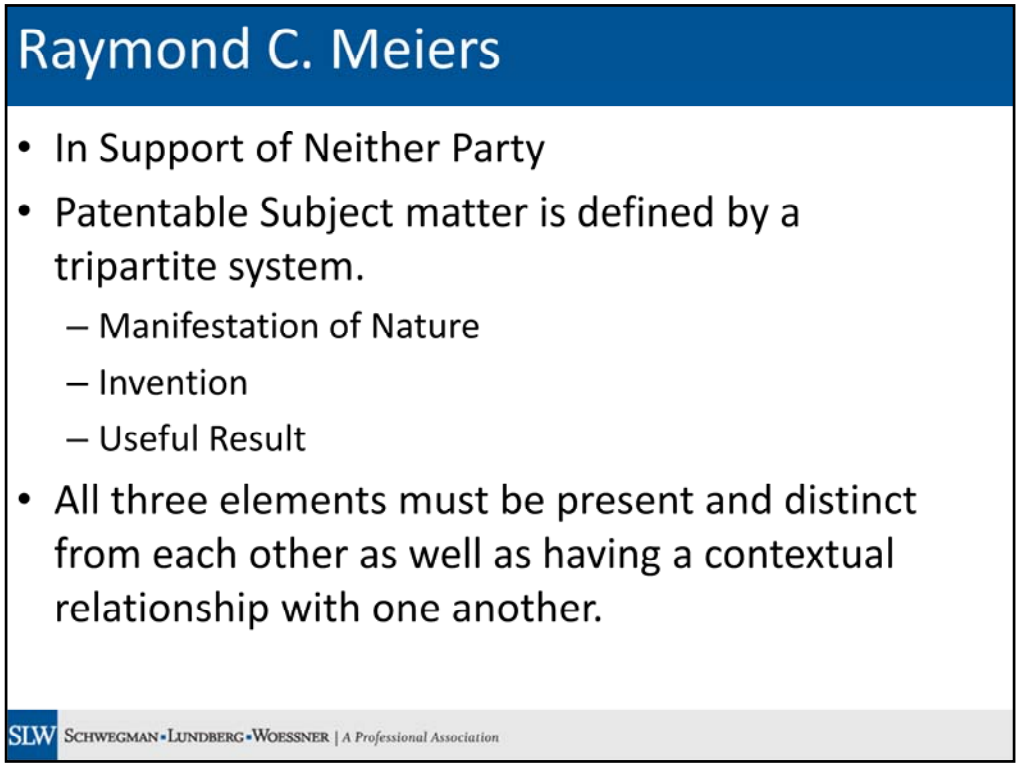


Amicus is the leading organization for patent attorneys in Washington State.

"A 'process' entails an act or a series of acts performed upon a subject matter, or a mode of treatment of certain materials to produce a given result."

"Congress has been debating a significant rewrite of the patent laws for the past several years. Noticeably absent from that debate is any discussion of changing § 101 of the patent statutes."2009 WL 2418486 *19

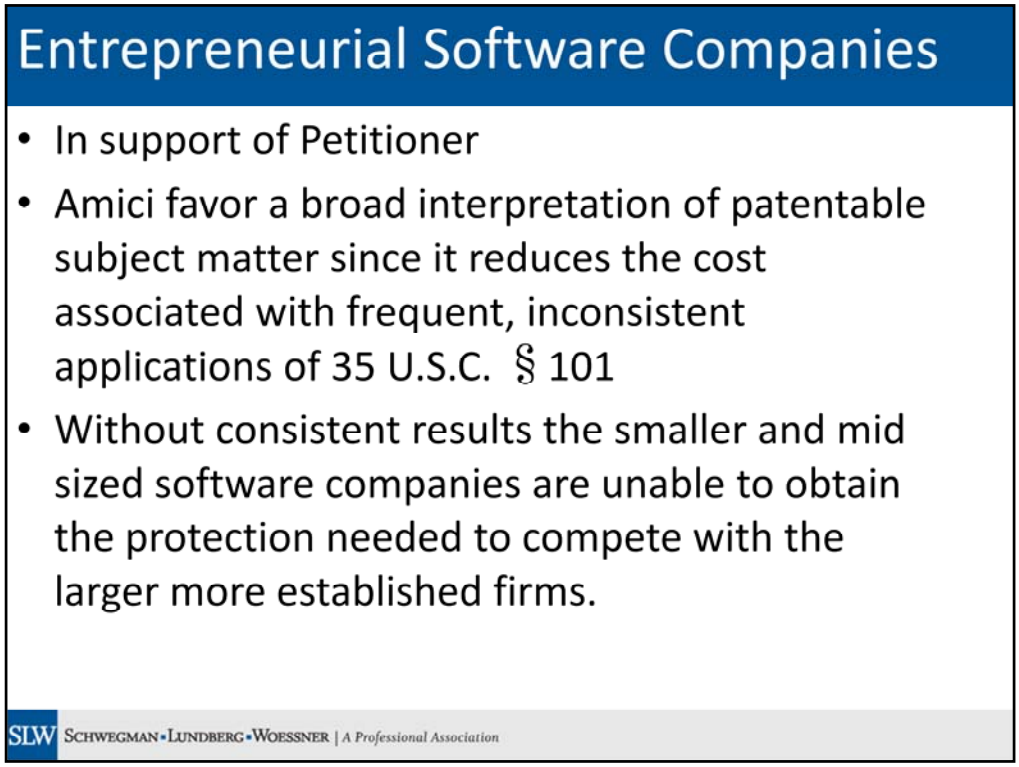
When Congress wrote § 273 they could have chosen to rewrite or change § 101 and they did not.



Amicus is an atty in private practice who has been interested in the field of patentable subject matter for the last 10 yrs.

" § 101 need not be viewed as some quaint but ineffectual provision of Title 35, such that other provisions of Title 35 are capable of filtering subject matter not worthy of a patent."

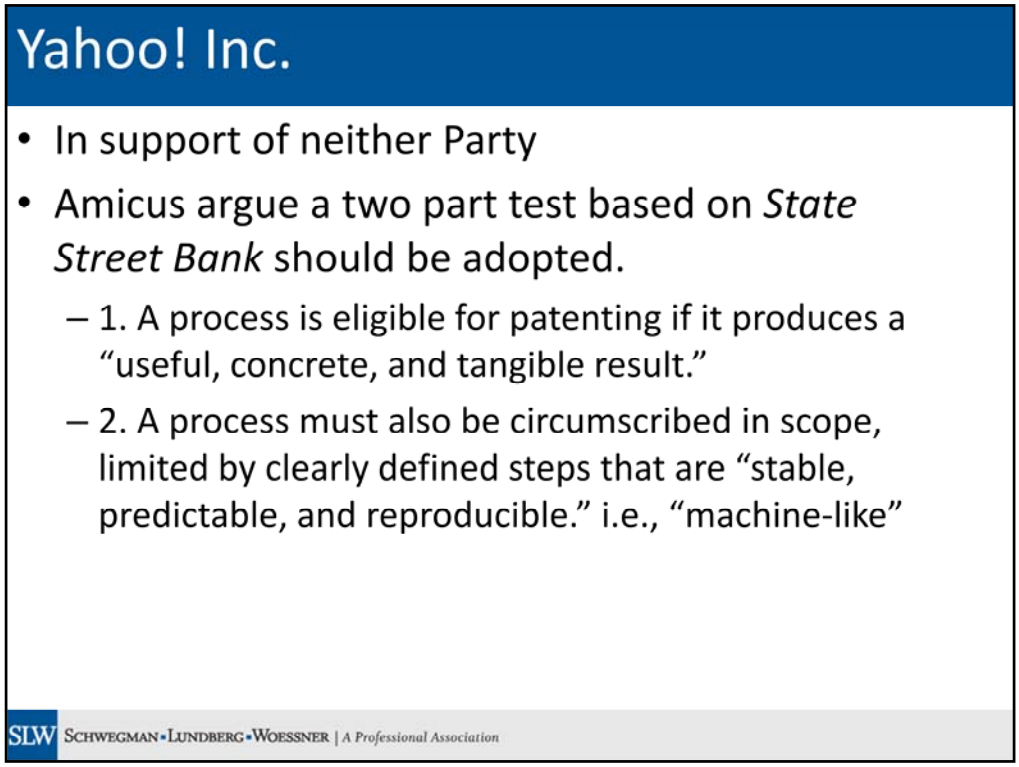
Manifestations of Nature = phenomena of nature, equations not observable by humans, "laws" of nature, heat of the sun, electricity, qualities of metals, algorithm, formula



Amicus are Armanta, Asentinel LLC, CyberSource Corp., and Hooked Wireless, Inc.. Armanta develops software to automate business processes, they currently have 3 pending US Pat. Apps. Asentinel develops telecommunications expense management software, they currently have one pending patent and 2 pending applications. CyberSource is an e-commerce payment management corp., its portfolio currently consists of 8 Patents and 2 pending applications (THE CyberSource from the N.D. of Cal. whose patent was invalidate.). Hooked Wireless is a graphic technology for cell phone company with 1 pending patent application.

Amici mention Beauregard Claims starting on 2009 WL 2418474 *19

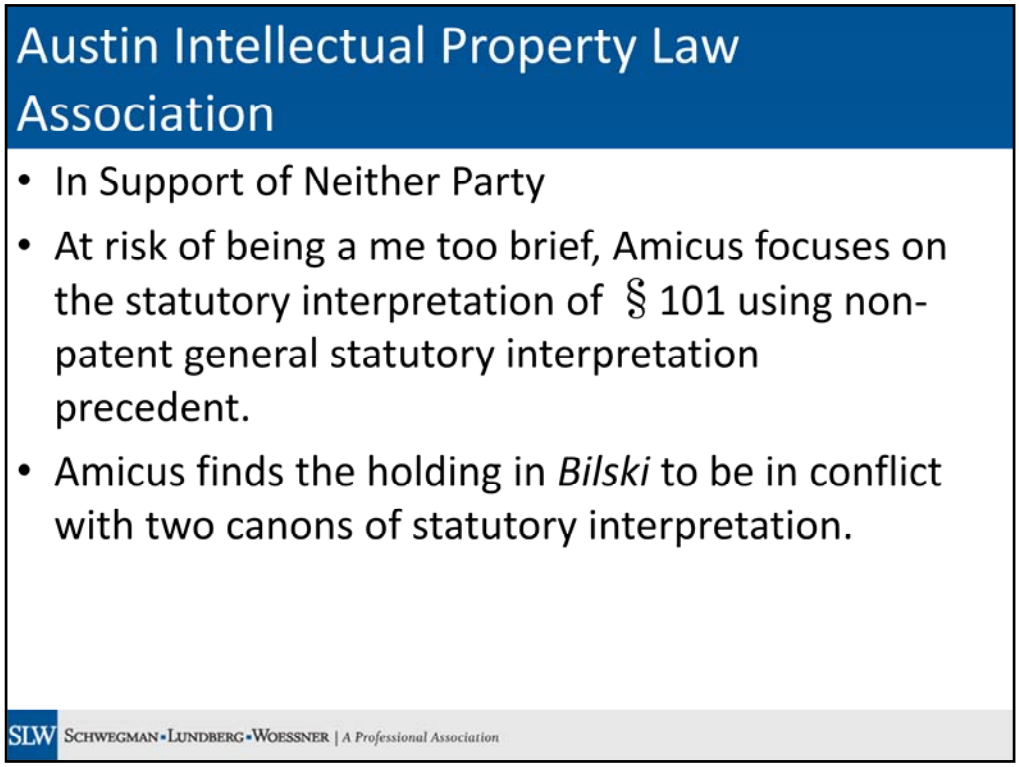
"the Fed. Cir. in *Bilski* 'went to great lengths in *Bilski* to clarify that the decision was limited to process claims, and further limited to process claims not involving a machine.'" *Id.* at *22



Amicus is one of the world's most popular Internet destinations.

"Congress's separate listing of "process" and "machine" supports the conclusion that they are separate, so that a process need not be tied to a particular machine." "the language relating to a new "process" is listed separately from the language relating to a new "composition of matter" supporting the conclusion that a new process need not transform matter to a new state."

Second part of Yahoo!'s test is not explicitly stated in S.Ct. cases but the cases appear to examine the claims for stability, predictability, and reproducibility



Amicus is a bar association in Austin Texas with ~300 Members.

Just because its Title 35 doesn't make it special, its still statutory language.

The two canons are

1.Statutory terms must be interpreted consistently throughout a statute.

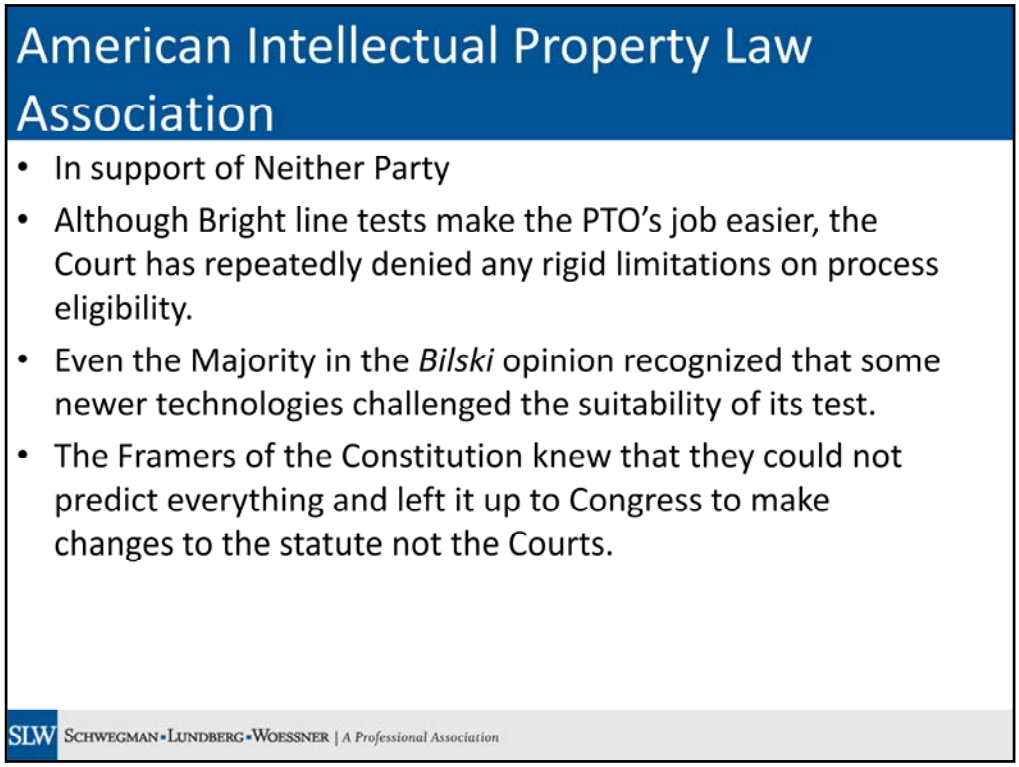
- Fed. Cir. Definition of process for 101 does not jive with the broad definition in 100(b)
- Congress using process to define process was an attempt to incorporate the settled common law definition into the statutory one
- The proper interpretation of 101 will include the "machine or transformation " test but it is not a necessary test

2. Statutory interpretation in *Bilski*, renders superfluous another potion of the statute.

- § 273 is rendered completely superfluous when 101 is limited to the "machine or transformation"
- No State-Street type business method patent claim could survive the "machine or transformation" test and thus § 273's defense against infringement of a business method patent would be useless.

Biotechnology Industry Organization is the largest biotechnology trade association in the country. Advanced Medical Technology Association is largest medical technology association in the world. The University of California and Wisconsin Alumni Research Foundation are representatives of the large academic sector that drives research and innovation in the US as well as providing clinical services to utilize the results of research.

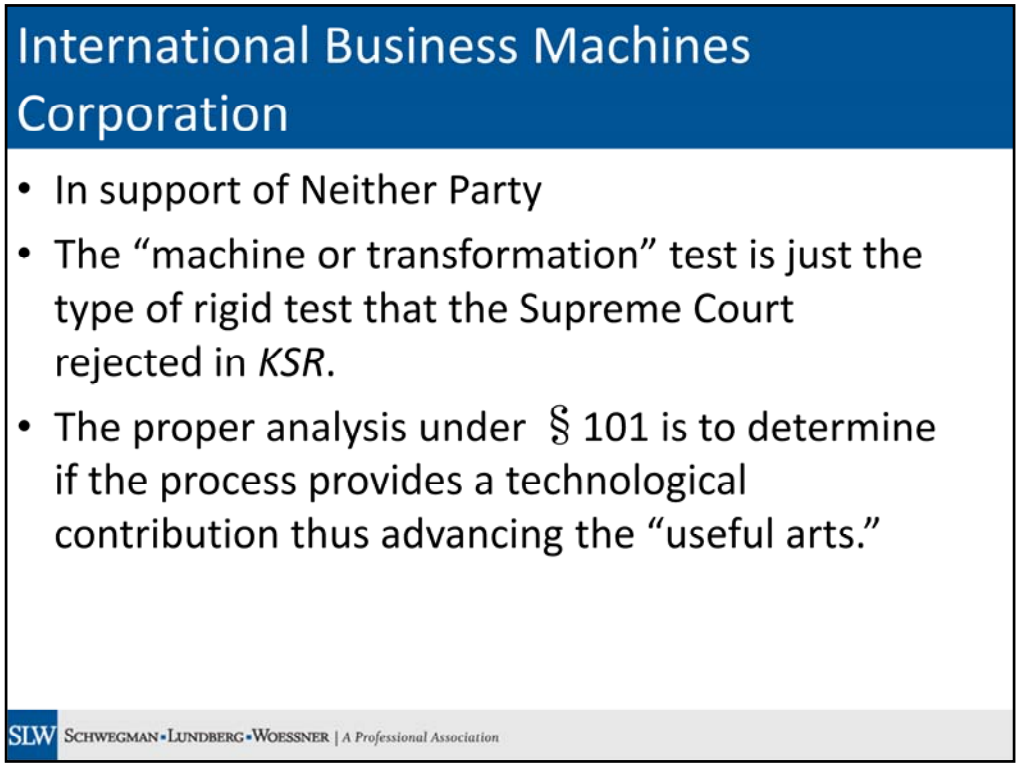
There will be similar issues created by the adoption of the *Bilski* “machine or transformation” test as there were with the Prosecution History Estoppel/Doctrine of Equivalents or Obviousness tests that failed. “courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community.” 2009 WL 2418478 *35



Amicus is a national bar association of over 16,000 members whose members represent both owners and users of intellectual property.

"This test is derived from dictum and tied to the vocabulary of technologies developed in earlier ages, and thus is backward-looking and ill-fitted to future discoveries and technologies as yet unimagined"

"Although the patent eligibility issue has been colored by public policy debates over patent quality and business methods, the answer is not to impose ill-fitting short cuts that restrict incentives for worthwhile future inventions….provide the resources needed by the USPTO and require that it apply greater diligence to the task of strictly enforcing these conditions for patentability across all types of inventions."



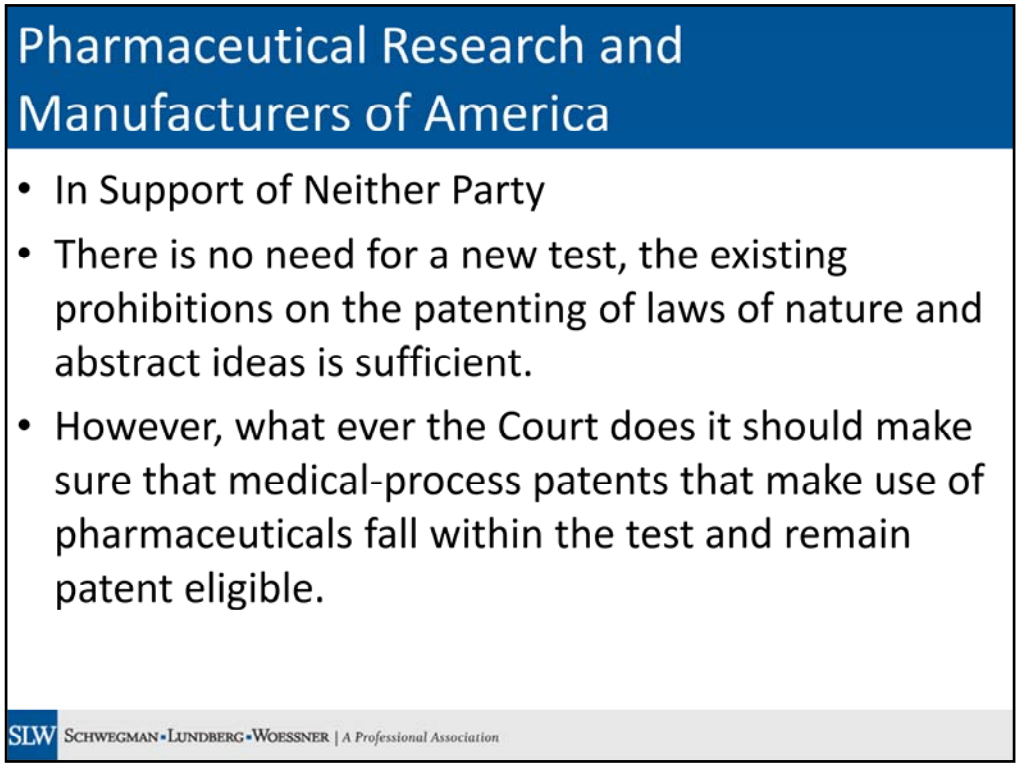
IBM is a globally recognized leader in the field of information technology research, development, design, manufacturing, and related services. IBM has been granted more patents by the PTO in the past sixteen years than any other corporate assignee.

"the machine-or-transformation test is a useful analytical tool to determine whether a claimed process impermissibly preempts a fundamental principle and is thus unpatentable."

"Patenting technological inventions promotes innovation. No sound patent policy supports protection for non-technological processes, including nontechnological business methods."

Useful arts = technology

"Although the Patent Act did not use the term process until 1952, 'a process has historically enjoyed patent protection because it was considered a form of 'art' as that term was used in the 1793 Act'." 2009 WL 2418481 *12 FN11

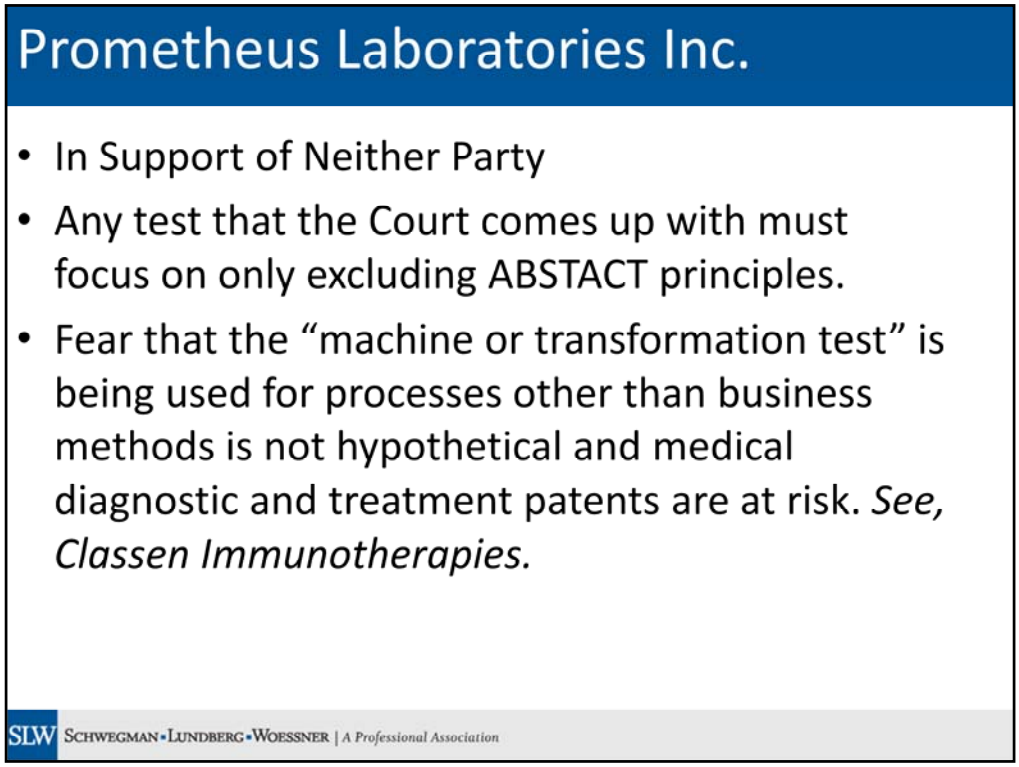


Amicus is a voluntary, nonprofit association that represents the country's leading research-based pharmaceutical and biotechnology companies.

BPAI has long held that medical processes are patentable.

Hatch Waxman provides "under certain conditions, for patent term extensions both for a "method of using a drug product" and for a "method of manufacturing a drug product"" 35 USC § 156(a) Amicus argues that if Congress did not want processes to be patentable it would not have passed Hatch-Waxman with these provisions.

New uses for old drugs are just as important as new drugs are and getting a patent on the process for using an old drug in a new way would encourage research in this area.

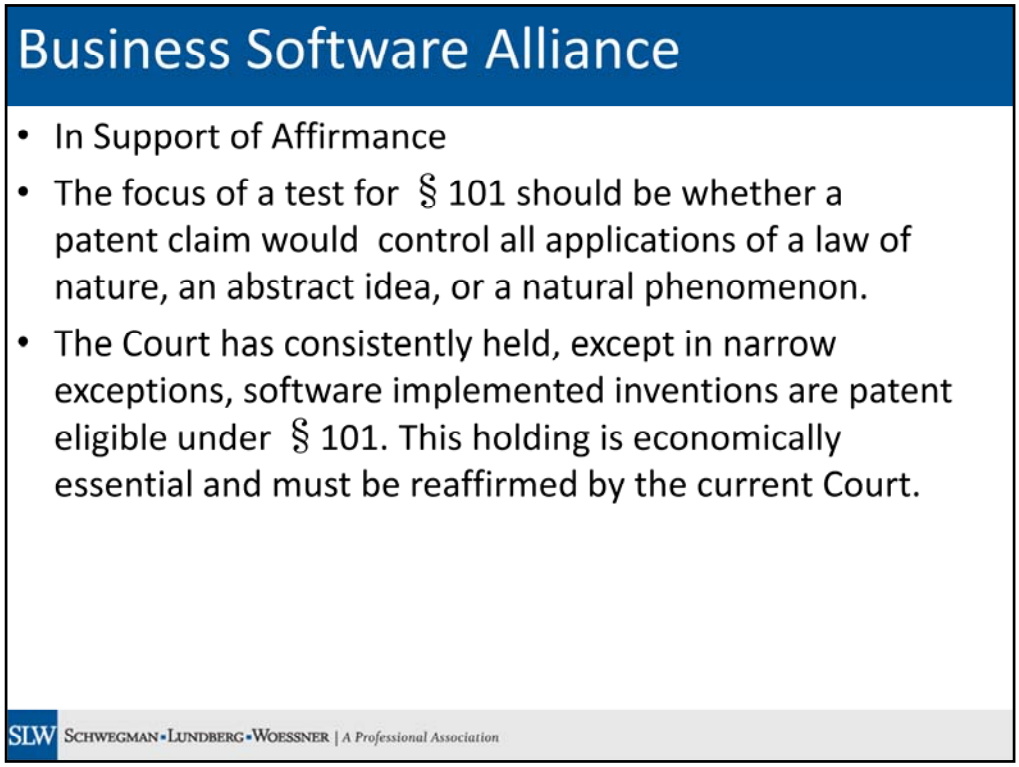


Amicus is a specialty pharmaceutical and diagnostic company whose focus is on the detection, diagnosis and treatment of gastrointestinal diseases and disorders by developing and commercializing novel diagnostic products.

Classen was the 3 line un-published opinion. Amicus uses it as an example to show that the Fed Cir is using the machine or transformation test to reject without analysis medical diagnostic and treatment patents.

"Essentially any mechanical or chemical process relies for its efficacy on the "correlation" between a human action and its "natural" consequences under scientific laws."

"unlike business methods that 'by their very nature, provide a competitive advantage and thus generate their own incentives' personalized medicine requires investment in innovation that may not be recouped absent patent protection."2009 WL 2418480 *17



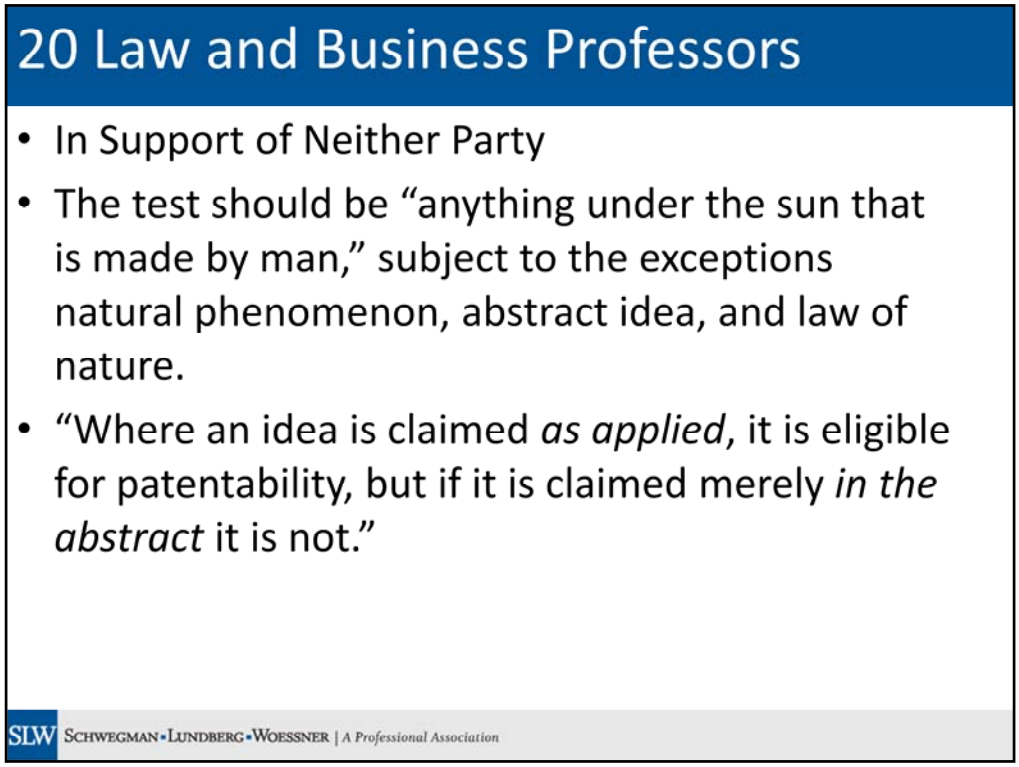
Amicus is an association of the world's leading software and hardware technology companies. Members include Adobe, Apple, Autodesk, Bentley Systems, CA, Cadence Design Systems, Cisco Systems, Core. CyberLink, Dell, Embarcadero Technologies, HP, IBM, Intel, Intuit, McAfee, Microsoft, Minitab, Quark, Quest Software, Rosetta Stone, SAP, Siemens, SolidWorks, Sybase, Symantec, Synopsys, and The MathWorks.

Amicus feels that the judgment that the *Bilski* patent is non patentable based on the fact that it tries to claim the entire field of hedging and this part of the judgment should be affirmed with the "machine or transformation" limitation on § 101 removed.

"If innovation is the engine of the American Economy, then Intellectual Property is its fuel."

Amicus wants court to keep in mind stare decisis and the fact that many people in the software industry have invested great deals of money depending on the fact that software patents are available to them.

The language of § 101 is broad but not indefinite. The court has to be careful and make sure to protect "avenues for innovation while limiting efforts to claim entire fields of scientific discovery."

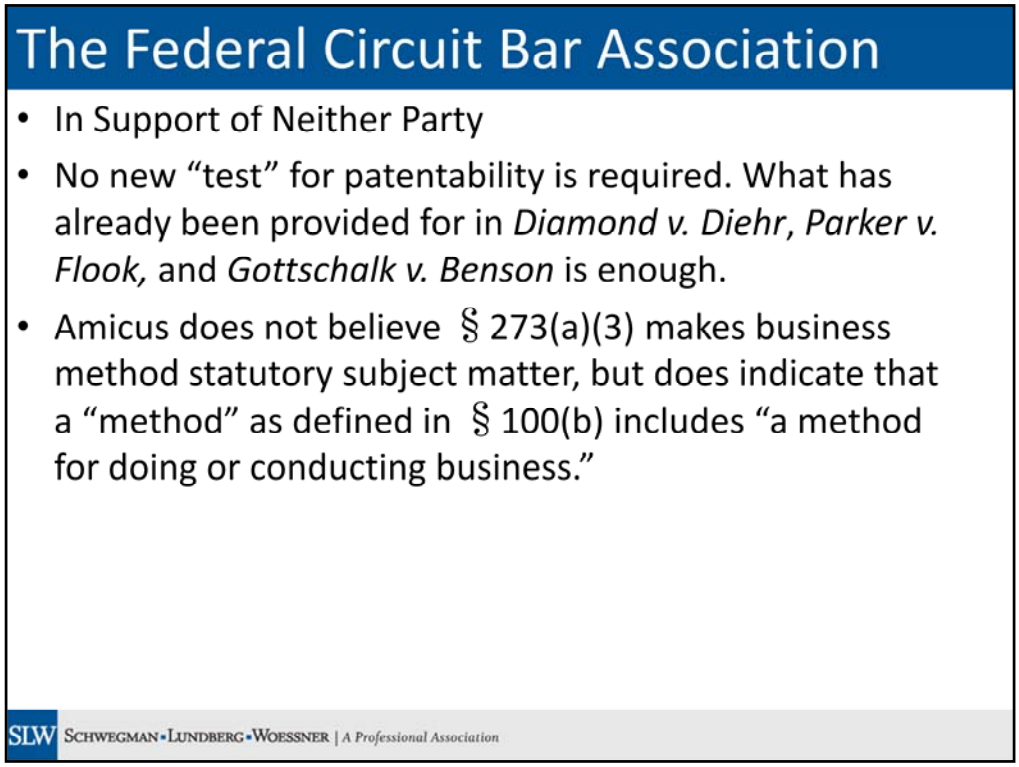


Amici are Patent law professors at law and business schools throughout the US and Canada.

"A rule that freezes the definition of patentable subject matter in time will hobble new areas of innovation."

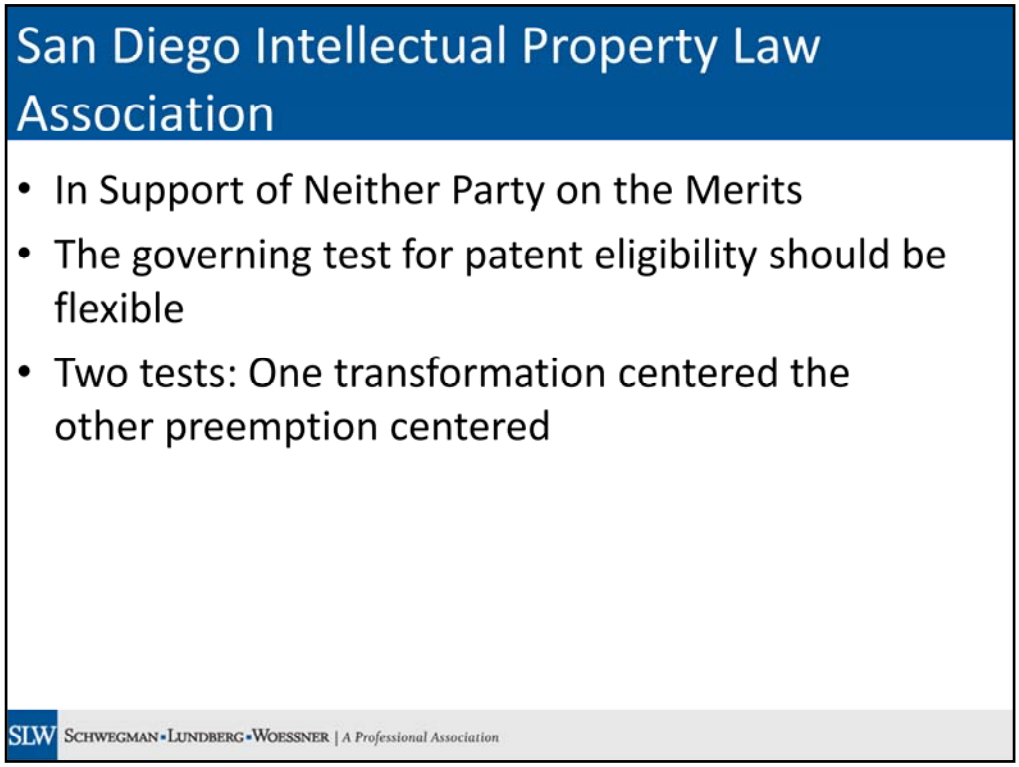
"new and nonobvious processes do not arise only in fields of endeavor denominated "techonological"

"the solution to the problem of bad patents in the software and business method fields (as in any area of innovation) is not the creation of new dogmatic rules against patentabilty, but the application of traditional doctrines, coupled with the reform of other doctrines that encourage litigation abuse."



Amicus is a national bar organization whose members practice before or have an interest in the decisions of the Court of Appeals for the Federal Circuit.

"many process patents, including 'business method' patents such as the one at issue here, touch upon abstract ideas, laws of nature or natural phenomena." There is already an established frame work for dealing with the boundary between patentable and not patentable.



Amicus is a non-profit association whose members have significant ties to San Diego's world-class research institutions, and leading wireless, biotechnology, and solar industries. The primary purpose of the Association is to provide continuing legal education.

"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." Quote from Cochrane, 94 U.S. 780, 788 [Cochrane is the cases that the machine or transformation test comes from]

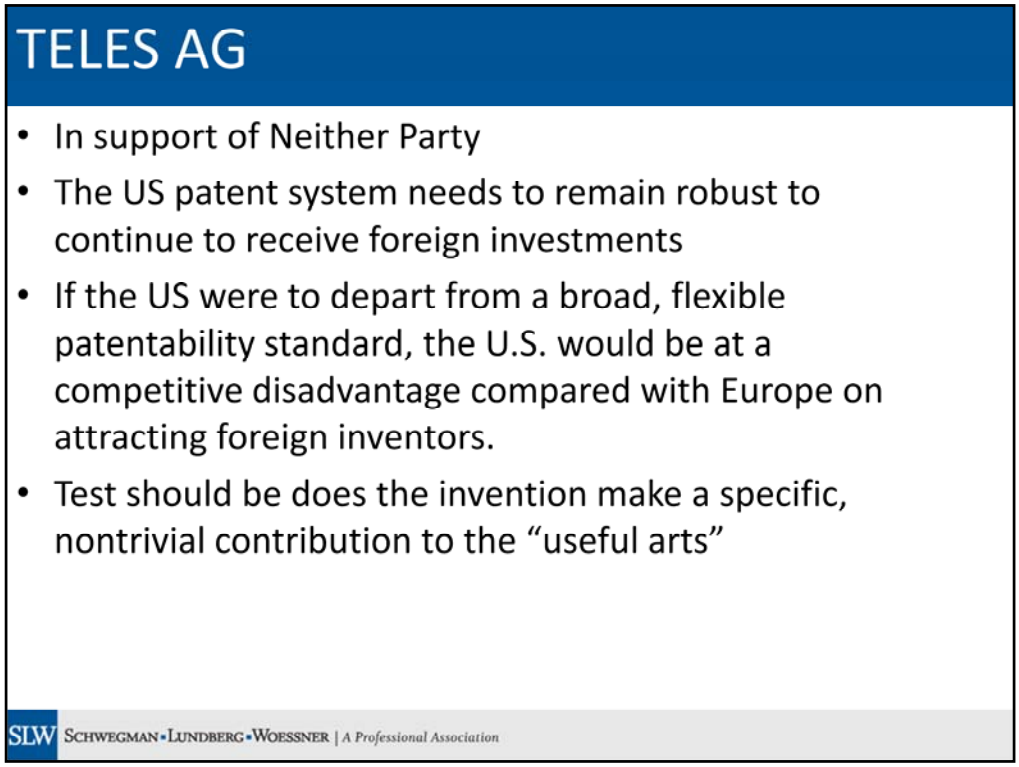
"this Court has never *denied* patent eligibility to a process that failed to satisfy the transformation test." 2009 WL 2445764 *8

The proposed test that Amici presents is located on 2009 WL 2445764 *27-28 and summarized below

1.Tribunal can choose which test to use unless what is being claimed recites a fundamental principle and then the tribunal must pick preemption

2.Transformation test is: (1) it transforms or reduces subject matter to a different state or thing, where transformations or reductions of intangible subject matter representative of or constituting physical activity or objects are patent eligible transformations, (2) is tied to a machine, manufacture, or composition of matter.

3.Preemption test: patent eligible if it achieves a useful effect or result and avoids preempting a fundamental principle



Amicus is a German high-technology company that relies on the strength of patent rights awarded in the US to protect its investments in research and development. Primarily since when investing in a new product, TELES concentrates its resources in countries with robust patent systems.

Robust patent systems are defined by the Amicus as

1.Dynamic

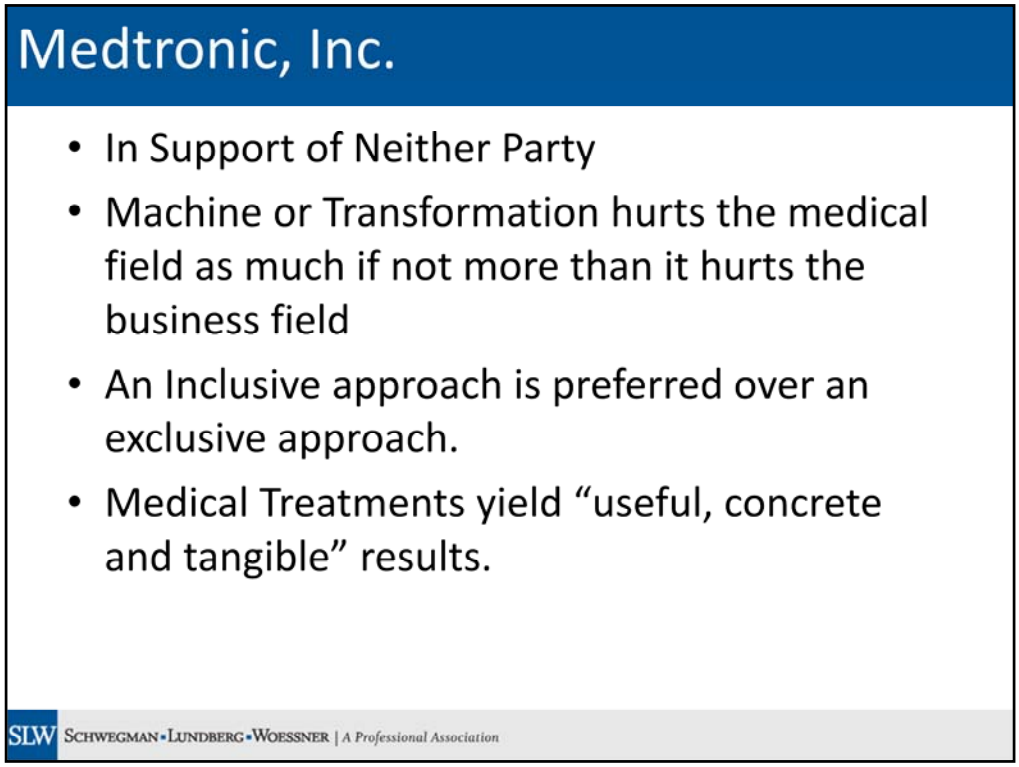
2.Apply an inclusive approach to patentable subject matter that avoids limitations based on the "phenotype" of an innovation

3.Reward inventors only for their specific contributions over the prior art.

Harmonization is important in the patent world. If the US falls out of the harmonization then foreign inventors and investors will look to patent systems that give them the best benefits.

EPO Article 52

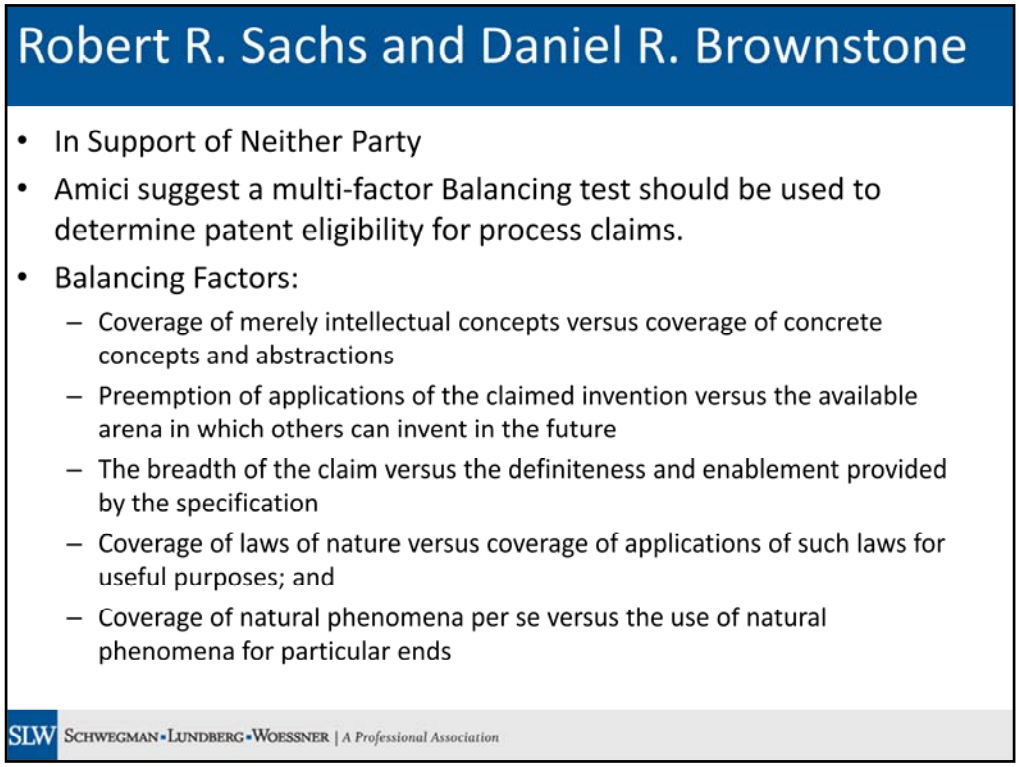
European patents shall be granted for any invention, in all fields of technology, provided that they are new, involve an inventive step and are susceptible of industrial application. 2009 WL 2445762 *16



Amicus is a global leader in medical technology innovation. It designs and manufactures medical products for use in the diagnosis, monitoring, and treatment of various diseases.

Areas of medical technology that are injured by *Bilski* include: patient diagnosis; monitoring and medical data management; and personalized medicine.

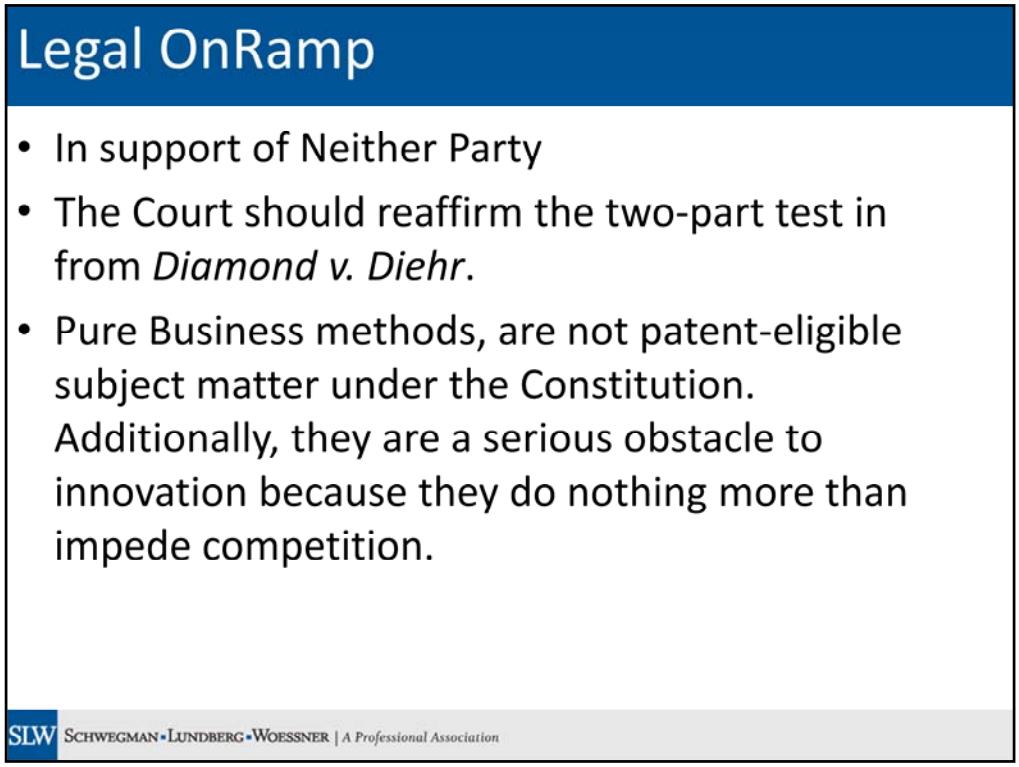
"attempting to refine Section 101 to strike a normative balance today merely defers the debate until a new technology of concern arrives."2009 WL 2441060 *13



Sachs is a patent attorney with 17 yrs experience working for companies in the Silicon Valley prosecuting software patents. Brownstone is a patent atty and inventor working for the last 10 years for clients in the software, communications, and bioinformatics industries. The both frequently lecture on patent law issues.

" a 'one-test-fits-all' rule cannot be easily applied across the three categories of exclusion- laws of nature, scientific phenomena, and abstract ideas"

"the machine-or-transformation test should not be the only tool to test patent eligibility, because not every invention in every field will fit the same mold."

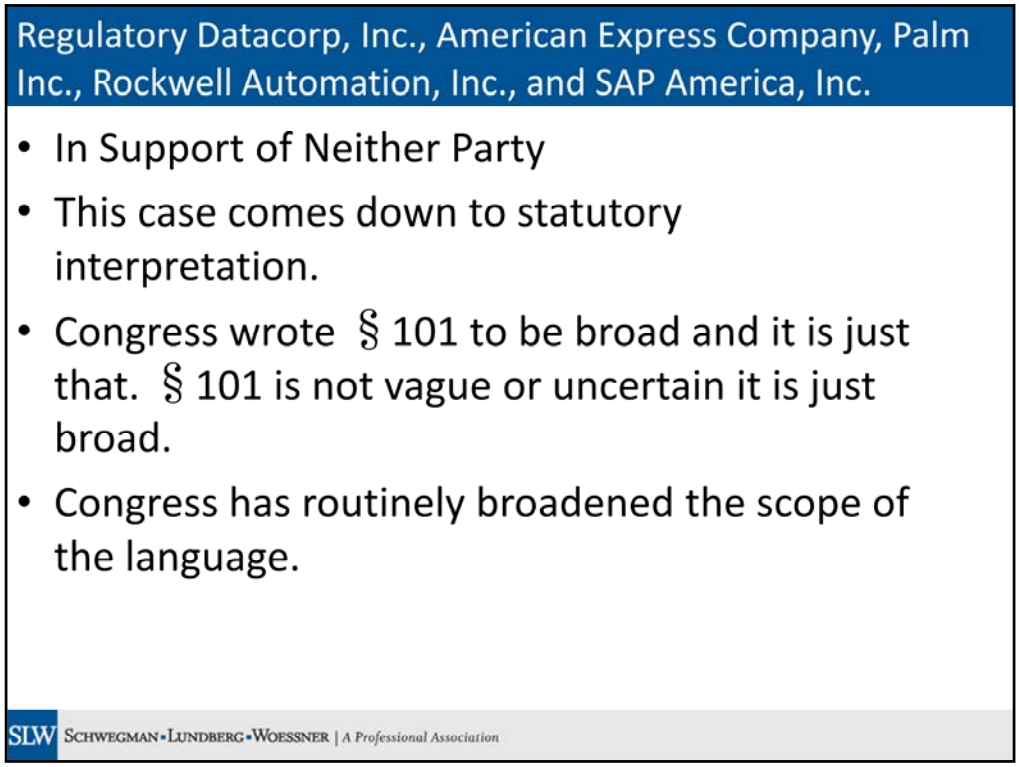


Amicus is the Facebook of the law world. (law-centered social networking website). It allows members to connect daily and exchange information of mutual interest.

The *Bilski* patent preempts an abstract idea and thus is unpatentable on that grounds and there was no need for the court to create a test.

"In a particularly prescient forewarning of some of the current misgivings regarding the patenting of pure business methods, the Court long ago observed that 'an indiscriminate creation of exclusive privileges' tend to obstruct innovation rather than stimulate it and may create ' a class of speculative schemers who make it their business to watch the advancing wave of improvements, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts.'" 2009 WL 2441066 *8

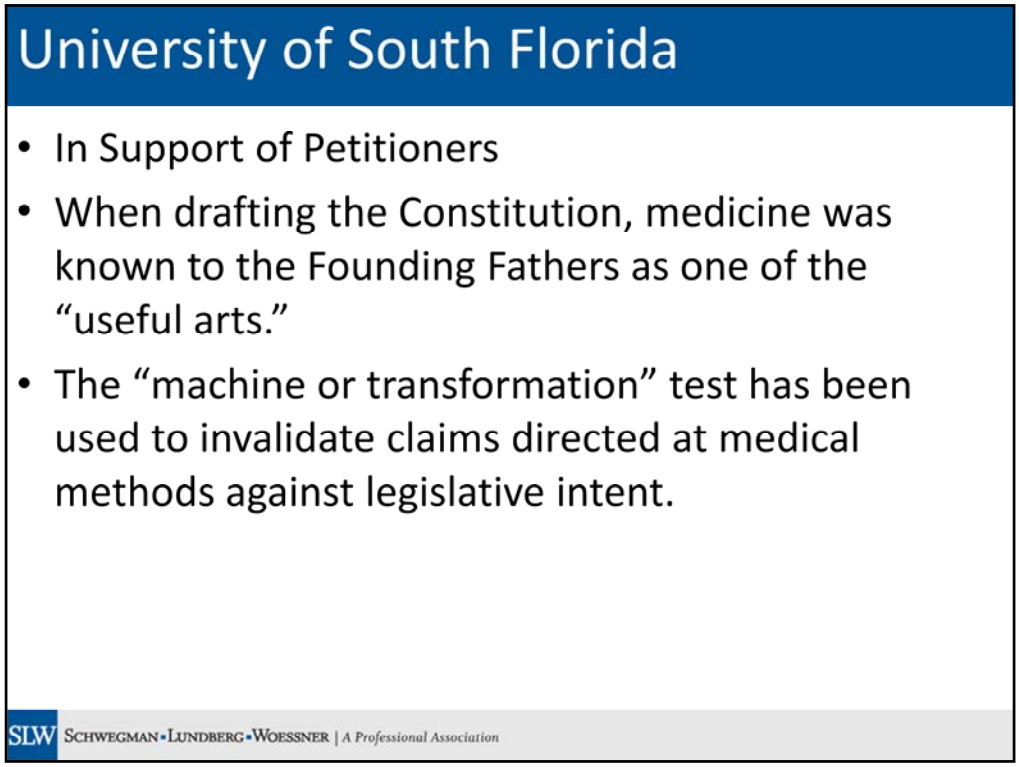
EPO has held "that a claim is patent eligible if 'a technical effect is achieved by the invention or if the technical considerations are required to carry out the invention.'" This technical requirement is analogous to the two-part inquiry provided by the court in Diehr. *Id.* at 26-27. Therefore if the US were to change their test they would fall out of harmonization with the EPO.



Amici are technology companies providing services to other companies and consumers, collectively they own a number of patents and sometimes find themselves defending patent litigation suits. Regulatory Datacorp is the provider of the world's largest database of open-source, risk relevant records and data services to financial institutions to detect and thwart money laundering, corruption and terrorist financing. American Express is a leader in global travel and financial services. Palm is a mobile technology provider. Rockwell provides control, power, information and software to help solve manufacturing problems. SAP is a leading tech company focused on software and computer based business solutions.

The Court has already rejected the machine or transformation test. The government tried to advance it *Gottschalk v. Benson* and the Supreme Court refused to limit patentable subject matter with a formulistic rule. 2009 WL 2441070 *19-20

"limiting § 101 in the way argued by the government would require a much greater departure from statutory text than that sanctioned in *Church of the Holy Trinity v. United States" Id* at *35



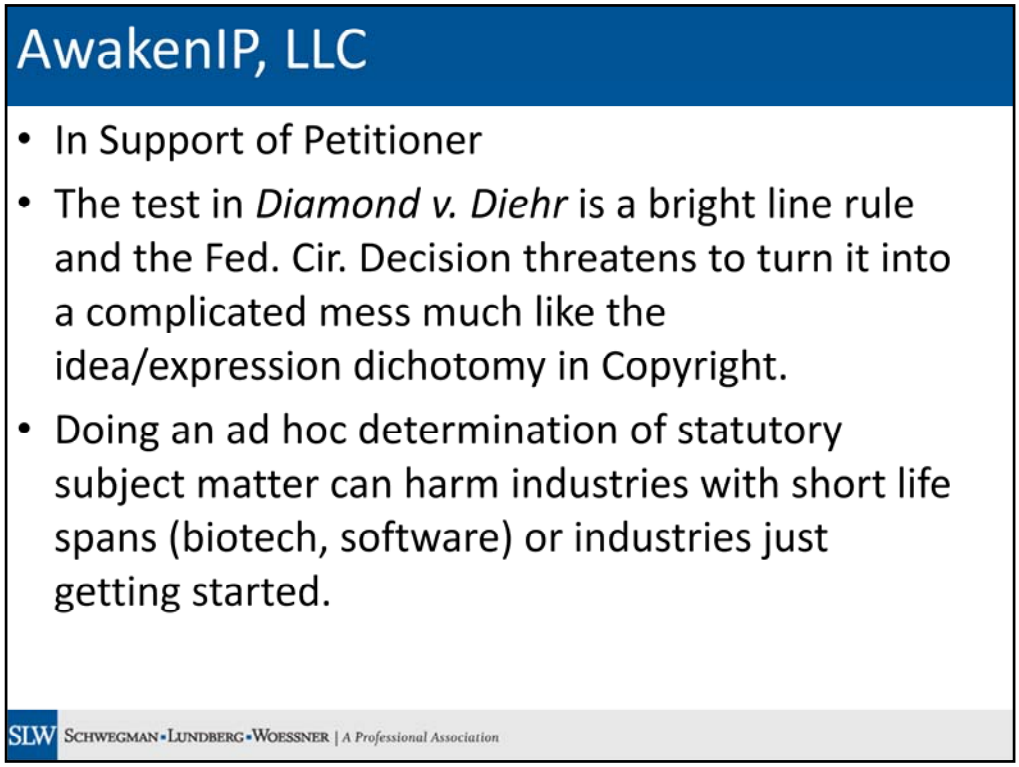
Amicus is the 9th largest public university and a leading research institution.

"Methods that promote the progress of medicine, diagnosis and treatment in particular, were clearly contemplated by the Framers of the Constitution as well as members of Congress to be patent eligible."

Hippocratic Oath → Thomas Jefferson → Omnibus legislation

All show that medicine is important and should be patent eligible

Medicine = the ART of preserving health when present and of restoring it when lost.

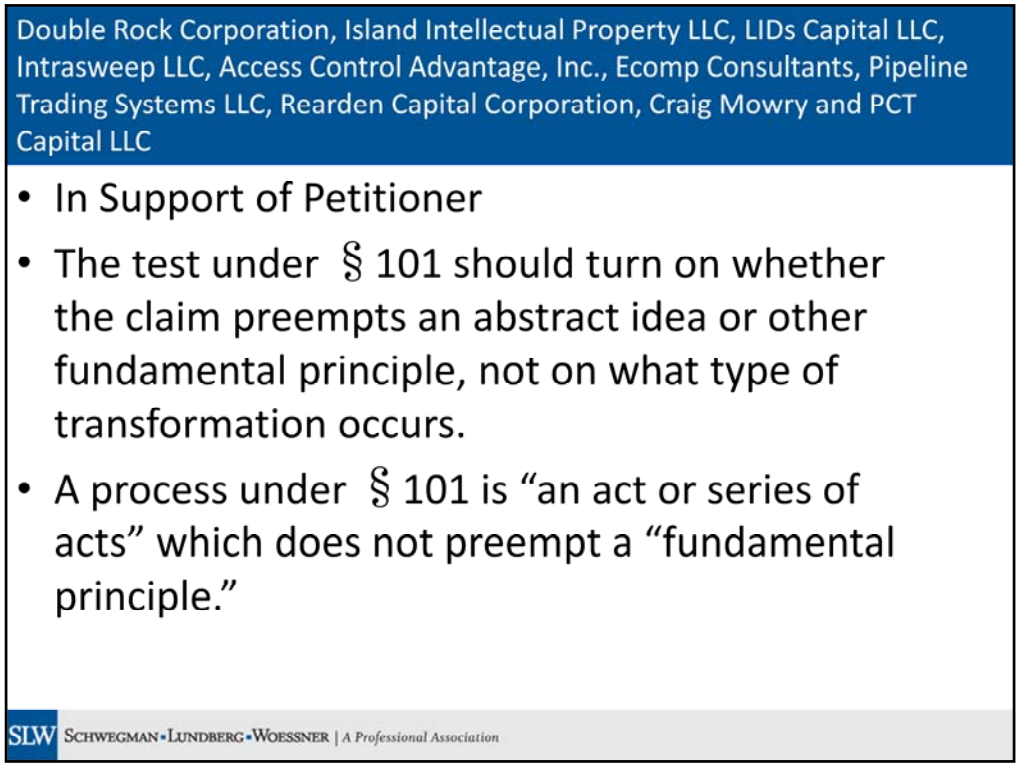


Amicus provides IP consulting services to aid in the maximization of the value of intellectual assets. It is also trying to revive recognition of the full value of IP by using a blog

You cannot copyright an idea. “idea/expression dichotomy strikes a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.”

Idea/expression = abstract idea/patentable process

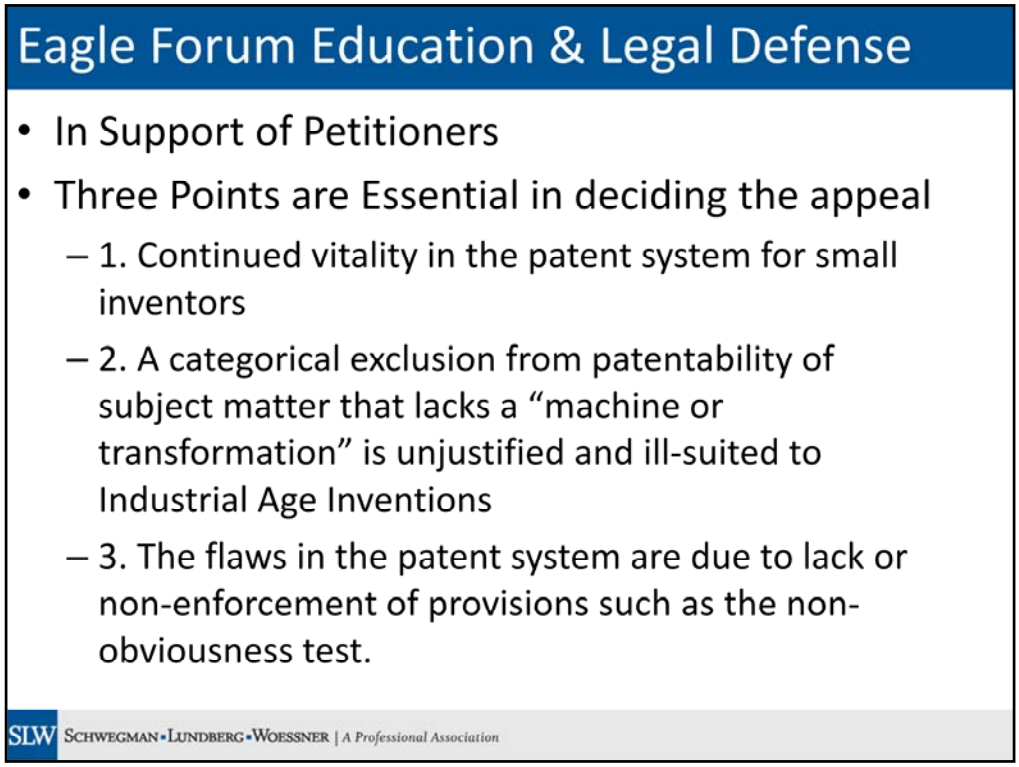
Computer programs struggle under the idea/expression dichotomy wrt Copyright.



Amici are mid-sized and smaller members of the financial service, e-commerce, and computer related industries.

"quiet title on the 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."

"Financial apparatus and method patents date back to the 1790's… 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), 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." 2009 WL 2445751 *32-33.



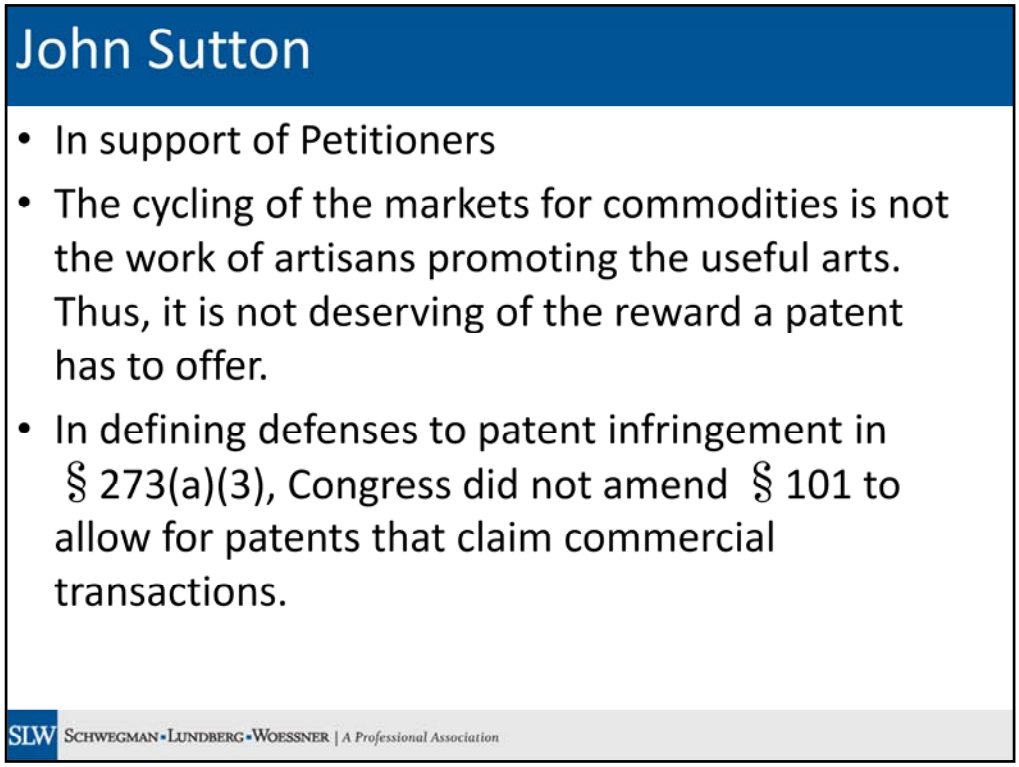
Amicus is a pro-family group that has long advocated fidelity to the text of the U.S. Constitution.

There is only 1 paragraph talking about the Patent Clause in the Federalist Papers.

"many of the great inventions of the Information Age are valuable precisely *because of their machine independence*, such as the UNIX operating system and the MP3 music player format." Copyright protects the code but not what the code does.

Copyright has successfully done its job by adhering to its originality requirement and has kept non-meritorious claims out.

"the frontiers of science have expanded until civilization now depends largely upon discoveries on those frontiers to met the infinite needs of the future. The United States, thus far, has taken a leading part in making those discoveries and in putting them to use." [Quote from Burton's dissent in the United States v. Line Material Co. 333 U.S. 287, 332]



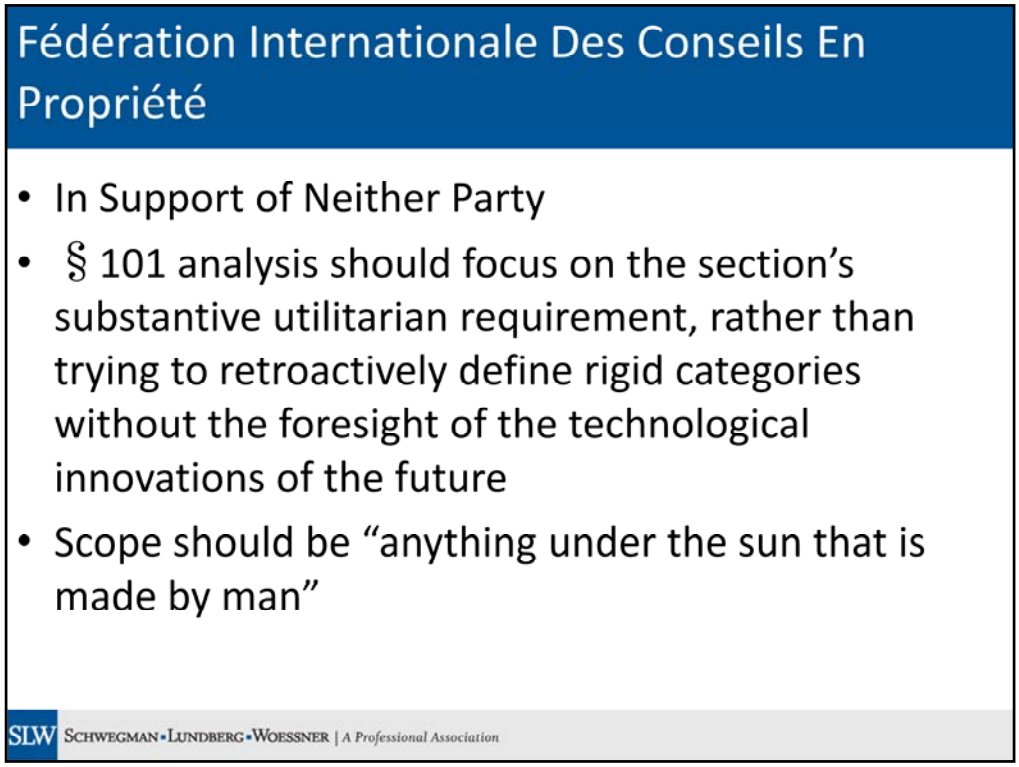
Amicus is a retire patent atty, who in his career was a patent examiner, clerk for the CCPA, patent prosecutor and patent litigator.

Art = the work of an artisan

The steps in *Bilski*'s patent are not the work of an artisian

Commerce has predated the patent system for millennia

Issues are raised based on the Commerce Clause. If Congress makes patents for commercial transactions such as commodity trading does it have the power to regulate aforementioned commodity trading outside of commerce between the states, with foreign countries, or with Indian Tribes. (clash of state and federal law)

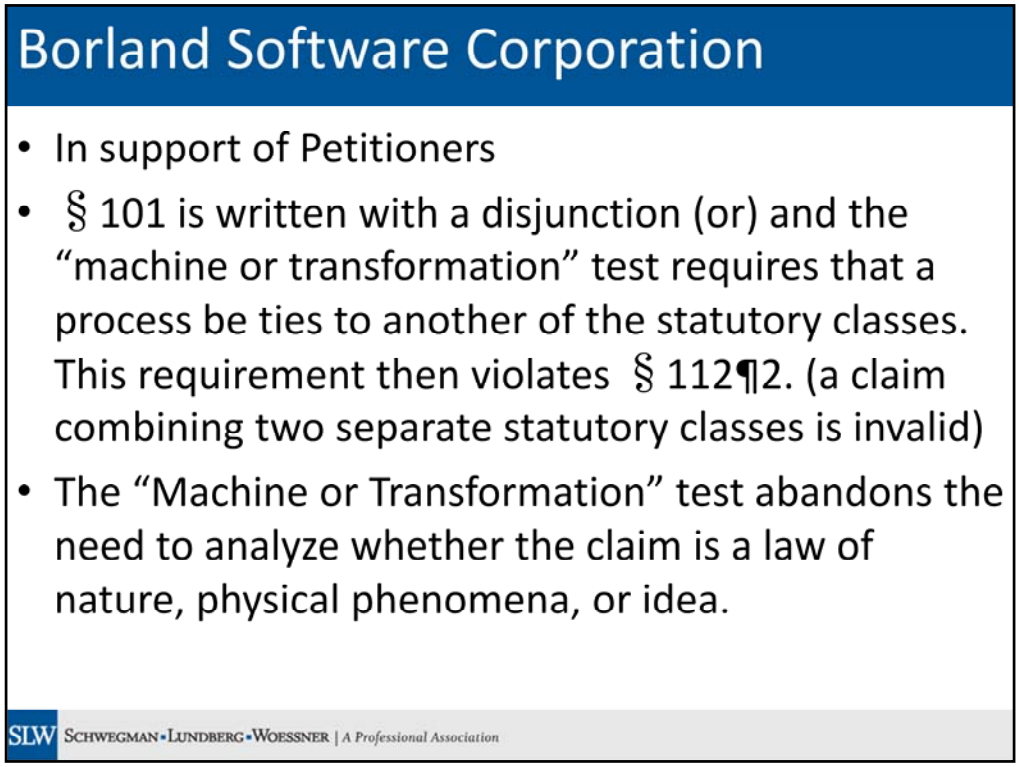


Amicus is a Swiss based international and non-political organization of ~5000 IP attys from over 80 countries including the US.

Reanalysis of *Comiskey* and *Ferguson* did nothing since: "Simply dismissing potentially innovative and useful processes at the threshold, because they are not tied to a particular machine or do not transform one article into another state or thing, without reaching the heart of the patent analysis under § §102,103, and 112 provides little practical guidance for inventors working in unprecedented fields of technology."

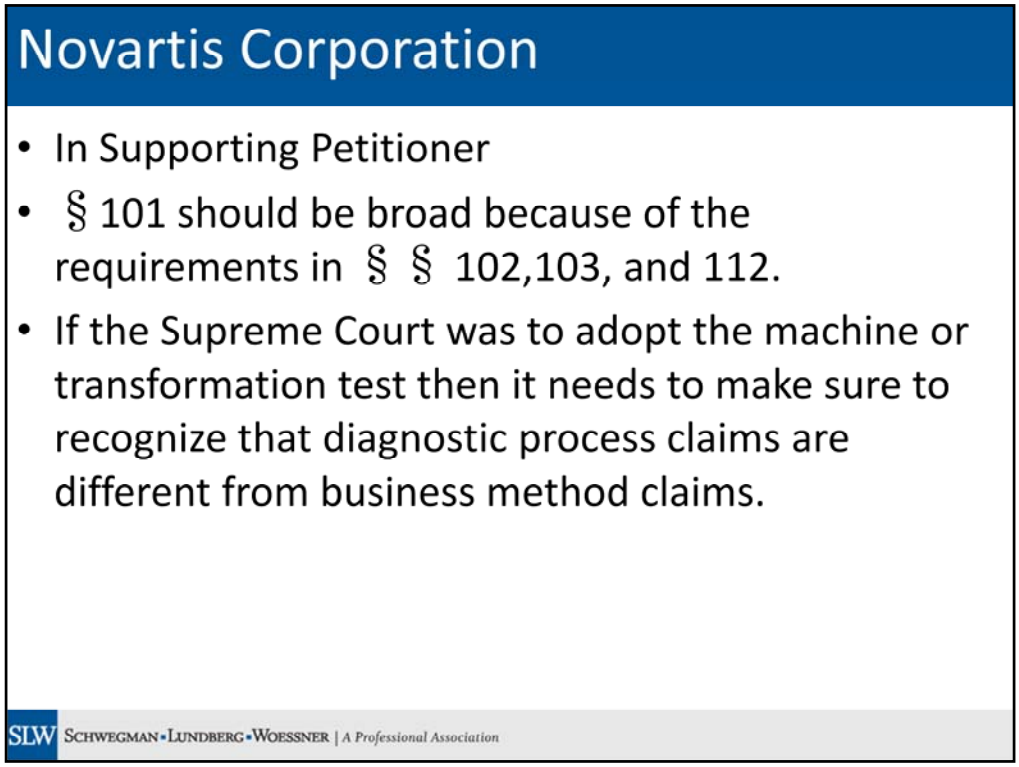
State Street Bank highlights the futility of rigid tests since in November 2005 the PTO had to issue Guideline to define "useful, concrete and tangible results"

"*State Street*'s useful, tangible, and concrete result test alone required four distinct sub-tests to clarify, albeit unsuccessfully, what exactly useful, tangible, and concrete results are." 2009 WL 2441063 *10



Amicus is one of the world's oldest and enduring software companies. It is a wholly owned subsidiary of Micro Focus International plc of Newbury, United Kingdom.

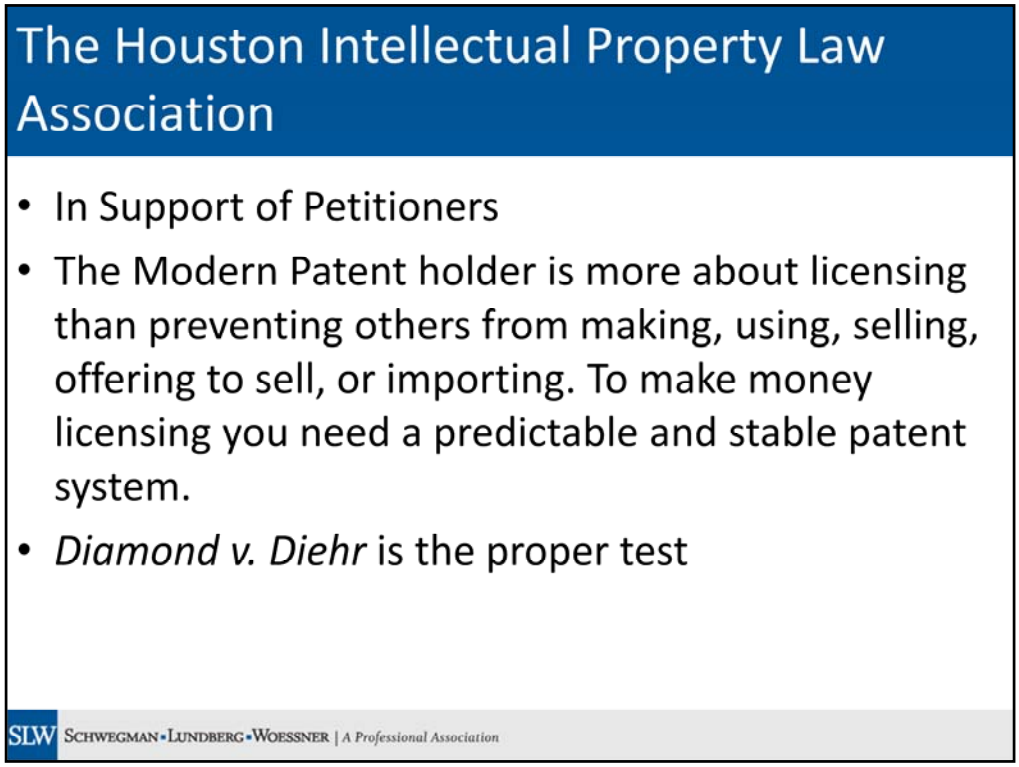
Despite hard economic times Amicus states that worldwide information technology budgets to be approximately $750 billion in 2009. 2009 WL 2459586 *36



Amicus through its US affiliates provides healthcare solutions that address the evolving needs of patients and societies. Novartis is the only company that provides services to its clients in the fields of innovative medicines, cost-saving generics, preventive vaccines, diagnostic tools, and consumer health products.

Both the *Lab. Corp.* dissent and *Bilski* "focus on § 101 without giving full effect to its text or how it fits into the overall scheme of the Patent Act."

Diagnostic process claims may be drawn to laws of nature where as business methods are more likely drawn to abstract ideas. A test that works for one excluded class may not work for another.

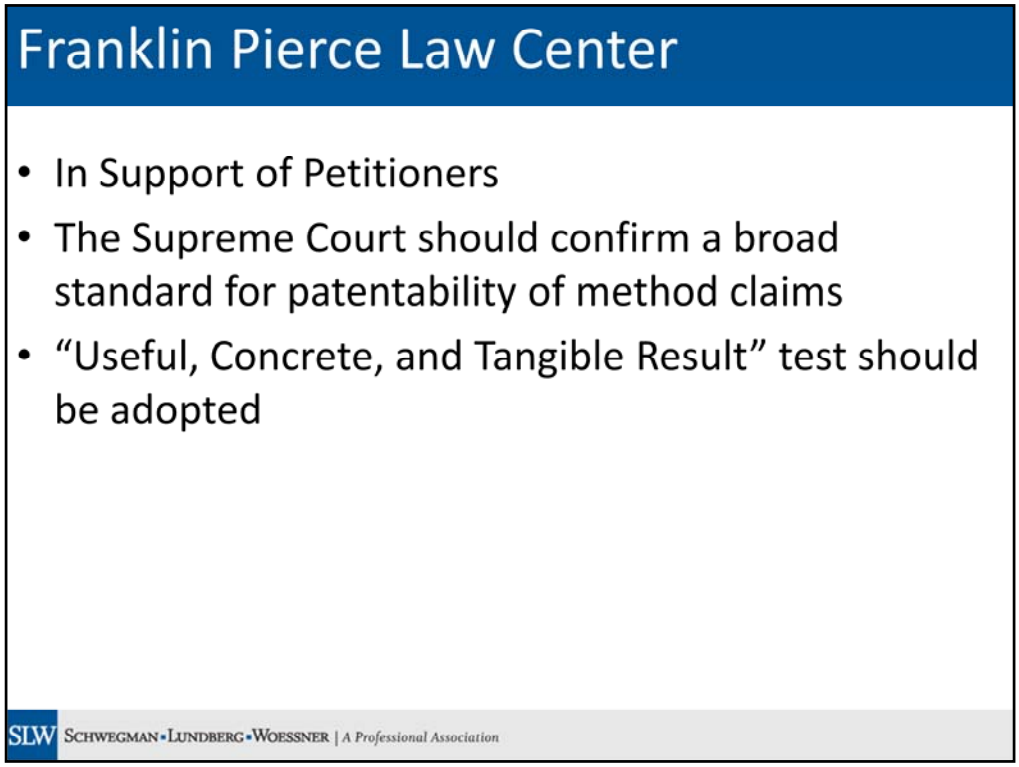


Amicus is one of the largest associations of intellectual property practitioners with over 400 members.

The changing economy (to an Information based from a brick and mortar) has lead to a skyrocketing of the number of patents, just like the skyrocket during the Industrial Revolution

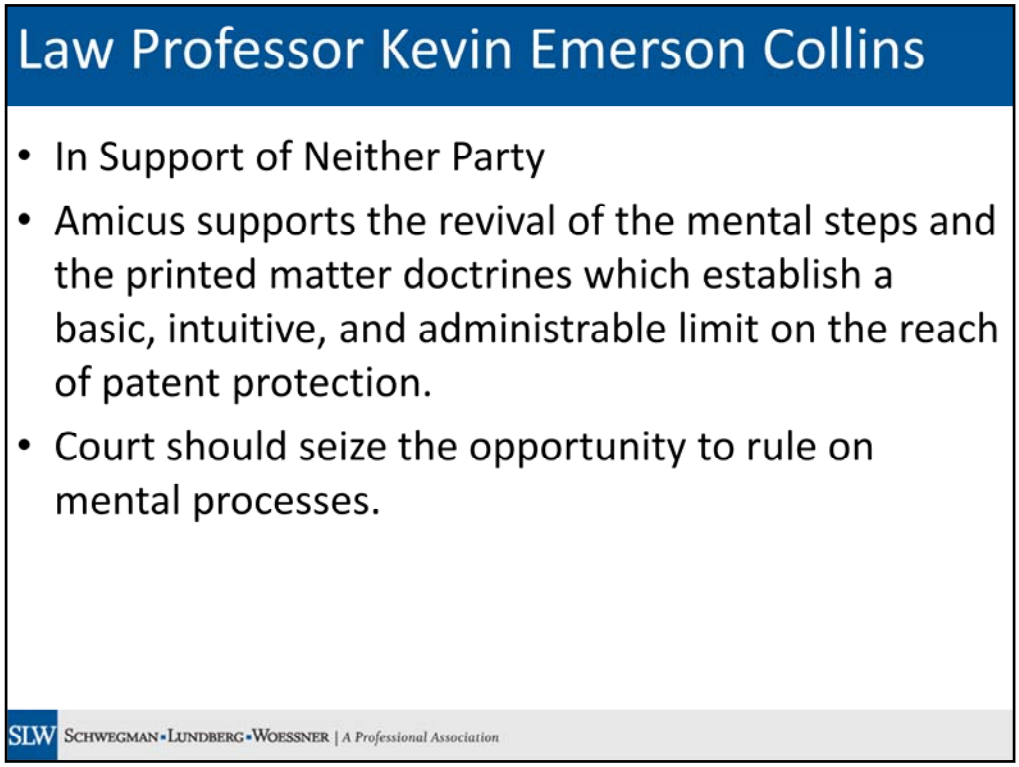
Main focus is on Software and how that needs to have a predictable patent system or no one will make any money.

“intellectual property rights in software are now essential to the jobs and living standards of tens of millions of people the world over. Of the 1.2 trillion dollars spent worldwide on information technology this year, 21 percent of that will go towards software. Yet that 21 percent produces more than half of the 35 million jobs worldwide in the information technology sector.” 2009 WL 2445757 *7



Amicus is an independent law school with a long history of IP expertise.

Professors McCrackin, Hawley, and Field had excellent RA's this summer when writing the brief. ☺



Amicus is a patent and IP law professor who has written extensively on the topic of patent eligibility. (Indiana University- Maurer School of Law)

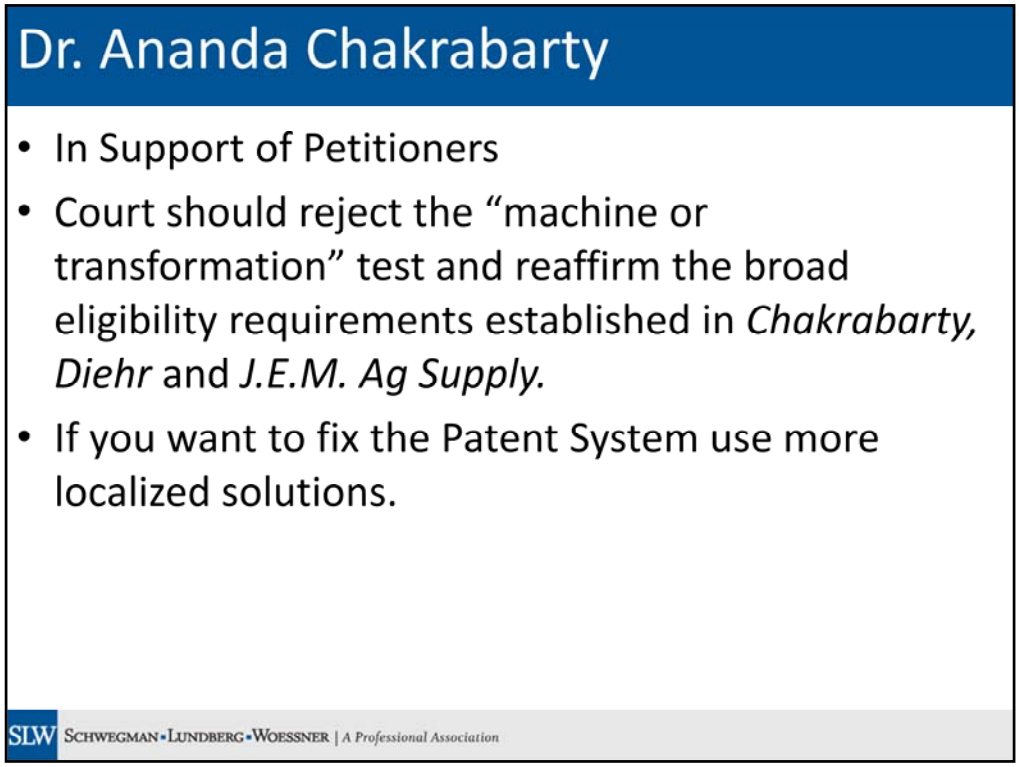
Mental Steps Doctrine – a bar on patent claims when the advance in the "useful" arts is solely in a mental process

*First Amendment protects freedom of thought thus a narrow construction of § 101 is required

Printed Matter Doctrine- bars the patenting of claims defining as the invention certain novel arrangements of printed lines or characters, useful and intelligible only to the human mind (need a computer to do the work not the human mind)

Mental steps and printed matter are two sides of the same coin as both address the patent eligibility of mental processes

Diehr is not enough because it says that you should not divide up a claim into individual parts and thus letting mental steps slip in.



Amicus is the Chakrabarty from the Diamond v. Chakrabarty case. Since 1980 he has been a leading voice in the patent policy arena. (now does personalized medicine research)

"The key to modern technology lies in the assembly, organization, and use of information of all sorts, kinds, and descriptions."

"Keeping the patent eligibility gates open is vital for information-intensive industries like healthcare and finance." "Patent transparency outperforms mandatory disclosure requirements and will get more information into the public domain with respect to financial data"

Localized solutions include

1.Budgetary allocation shifts

2.Challenge patents either in court or the PTO

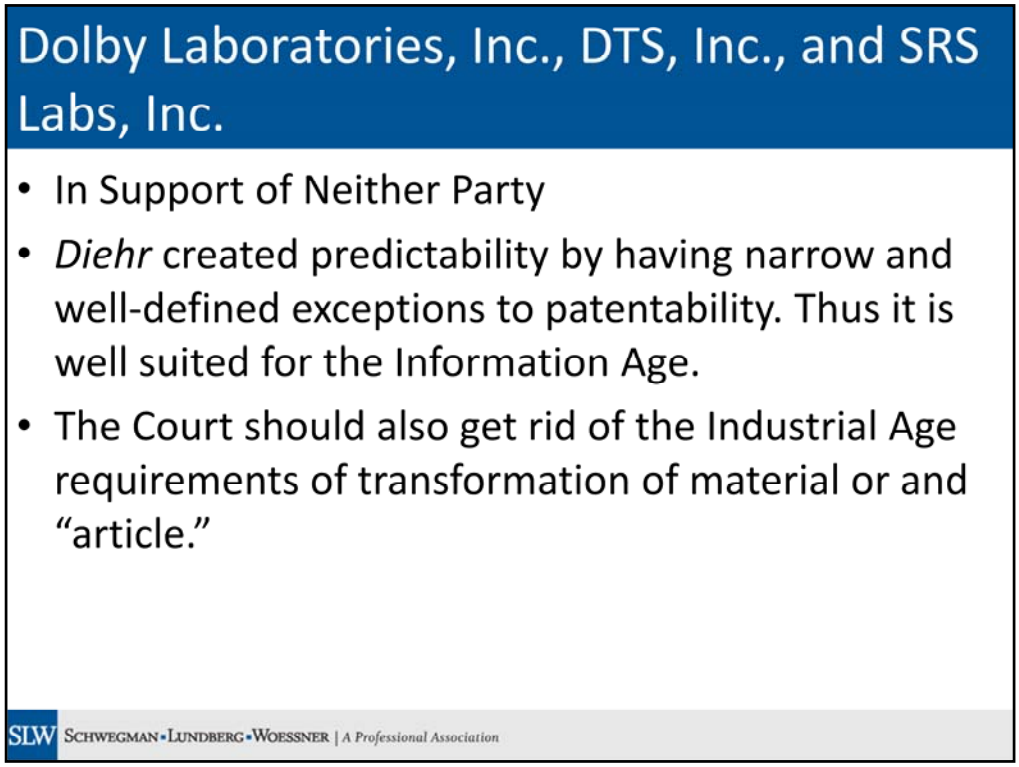
3.Redesign Prior Art rules

4.Put the world on notice earlier than 18 months

5.Laches, implied license, and estoppel can be used to further prevent unfair surprise by lurking patentees sitting on their rights

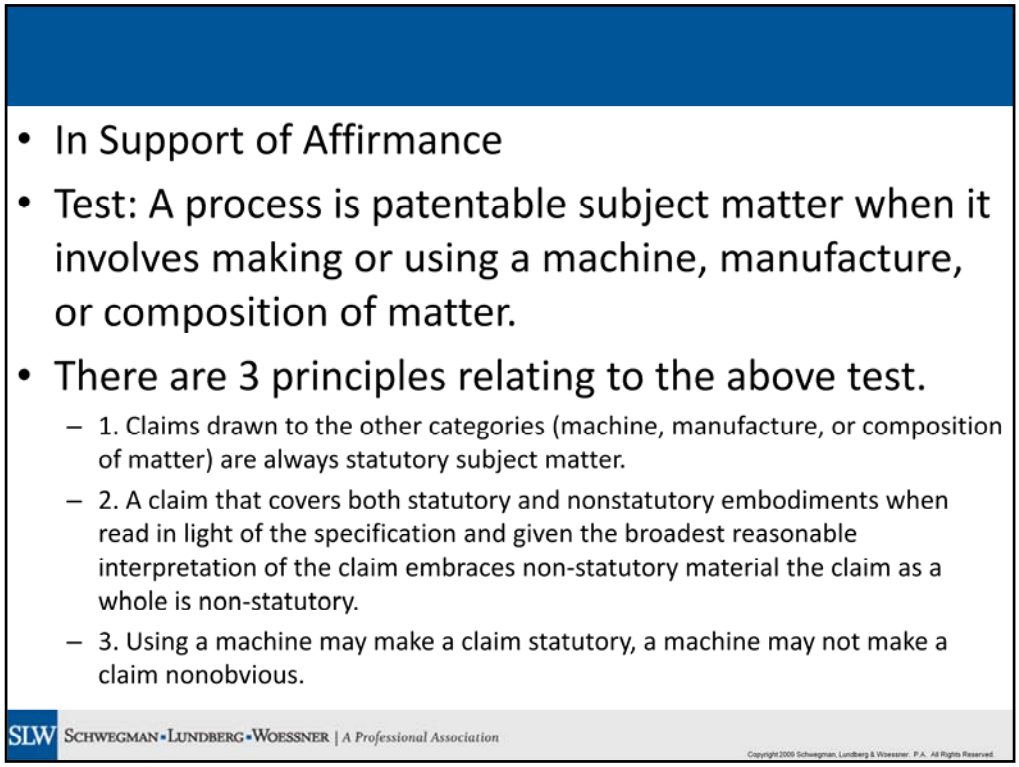
6.Good licensing rules

It basically all comes down to the legislature and judiciary should not choose patent eligibility to deal with the perceived problems in the patent system or



Amici develop and deliver audio products and technologies that make the entertainment experience more realistic and immersive. Its worldwide portfolio contains over 1500 issued patents and 2000 pending applications.

Digital signals should be patent-eligible since they are representations of the disturbance of sound waves traveling through the air and so they are physical.



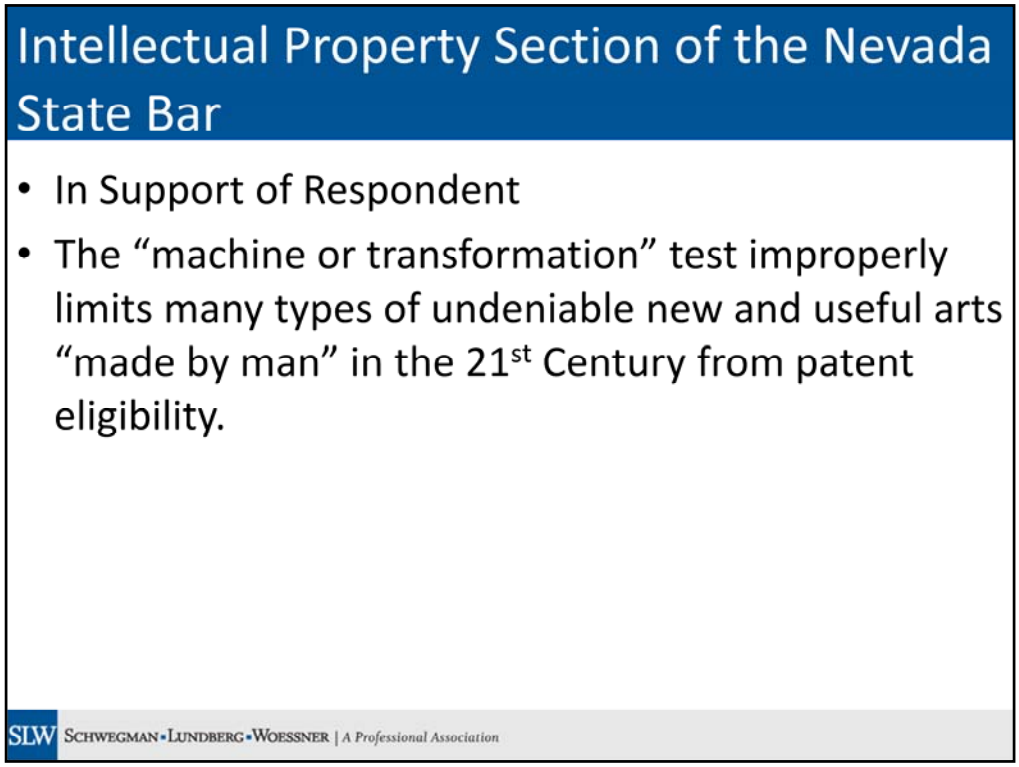
Amicus is a professor at the University of Utah, he teaches computer and IP courses. He is an inventor as well as a registered patent agent. He has authored the book *Legal Protection of Digital Information*. IEEE-USA is an organizational unit of The Institute of Electrical and Electronics Engineers, Inc. Prof. Hollaar is the former chair of the organization.

The Software Trilogy (Diehr, Gottschalk, and Parker v. Flook) have created uncertainty and must be disposed of.

Software patents are the collateral damage of the confusion created by the Software Trilogy and any confusion creating holdings in the trilogy should be overruled, cleaning the slate so the Court can start anew.

It is important to draw the line of patentability with reality, or problems will result in the application.

No indication that Congress intended everything that can be described in step form to be patent eligible.

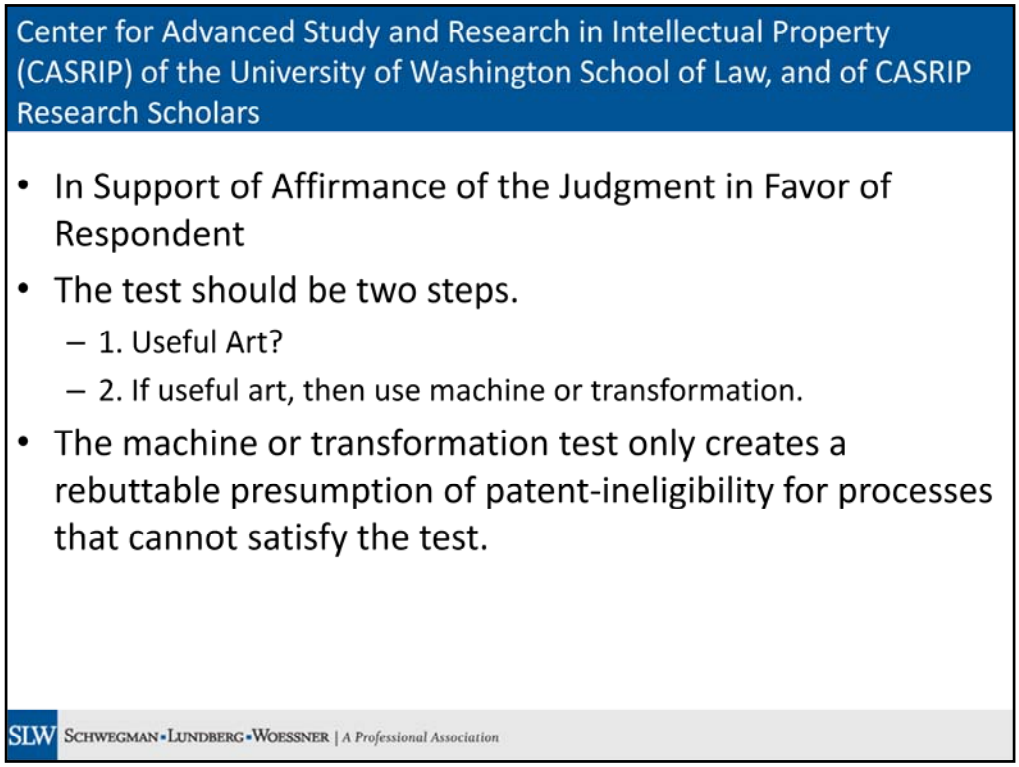


Amicus is a voluntary group of 125 atty's who are members of the Nevada State Bar.

Any decisions on this matter need to be made by Congress not the Courts.

Nevada continues to encourage business and entrepreneurial ventures related to renewable energy and gaming. Both of these examples rely on strong patent and other IP protections.

Amicus feels that the Court should affirm the rejection of the application based on the fact that it is drawn to an abstract idea, however Amicus feels that the Court should reverse and remand the "machine or transformation" test

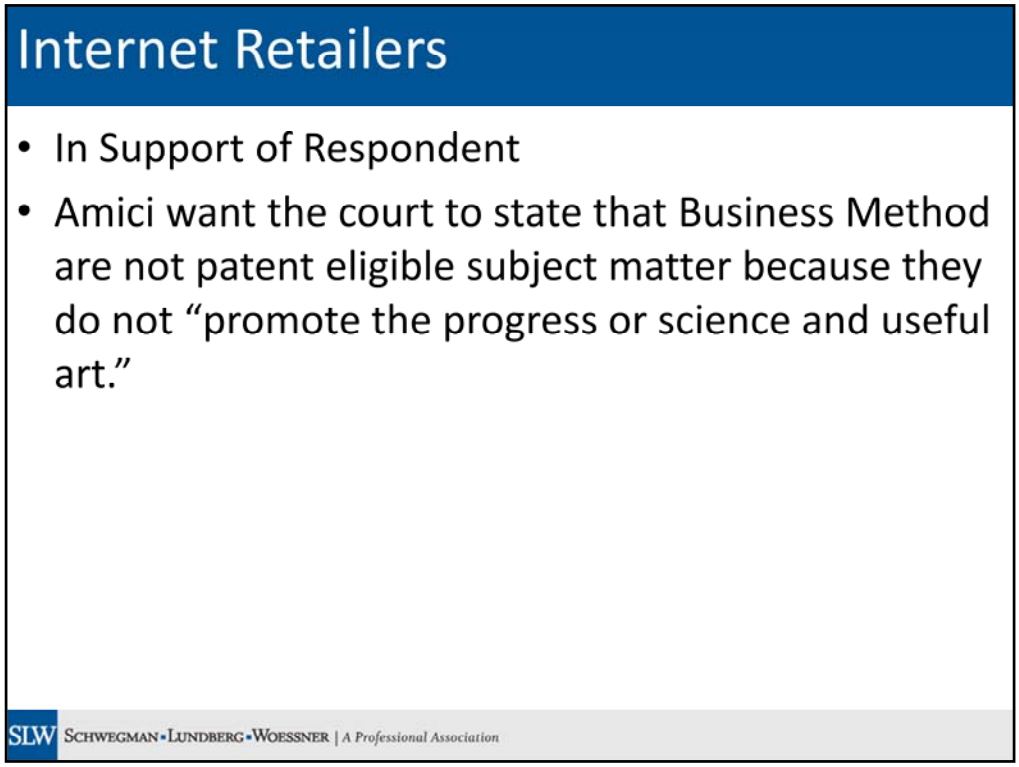


CASRIP is an independent research and policy development institute affiliated with the University of Washington School of Law. They have been recognized by WIPO as an observing non-governmental organization. CASRIP promotes discussion among intellectual property scholars and professionals from countries such as Japan, the United States and Europe.

“The machine or transformation test should be reserved for excluding expedients that implement basic principles and thus risk preempting them.”

Using the word machine does not mean that only a machine will satisfy the test. An article of manufacture or composition of matter will also satisfy the “process-implementing-device limitation.” 2009 WL 3155002 FN39

Just using machine or transformation can lead to false positives (inventions that are not in the useful art) and false negatives (typically old, low-technology, and non-theoretical using no machines or transformations) Generally false negatives are defeated on anticipation or obviousness.

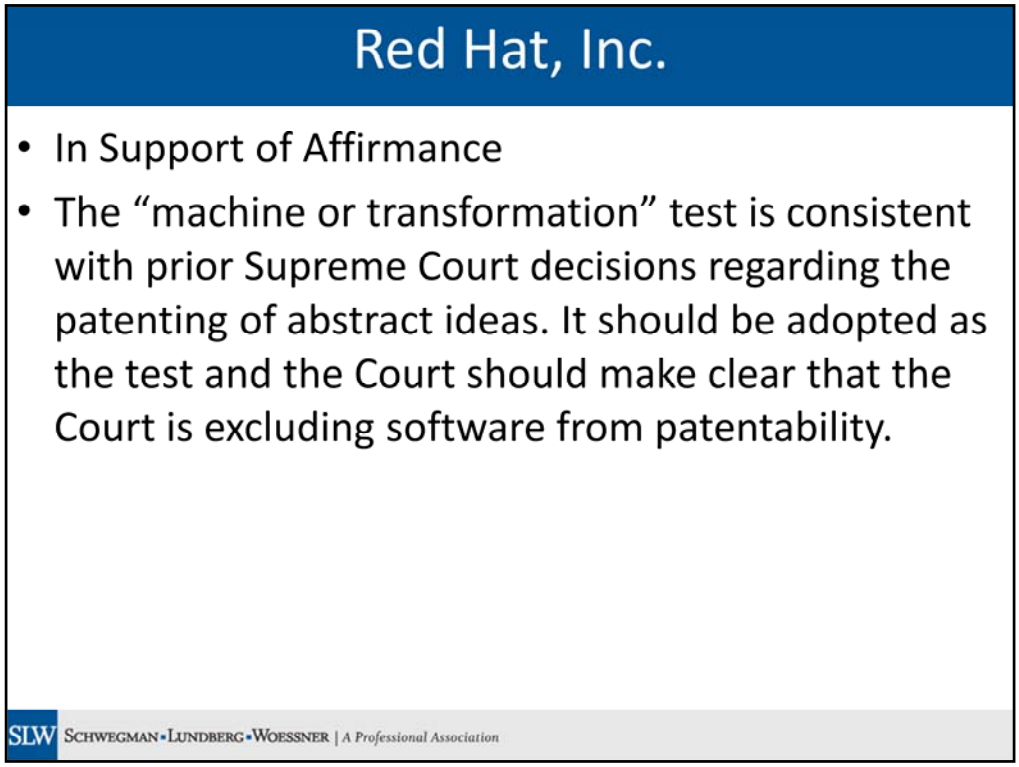


Amici are Crutchfield Corp., Newegg, Inc., L.L.Bean, Inc., Overstock.com, J.C.Penney Co., Inc., The Talbots, Inc., and Hasbro, Inc.. They have all recently been sued for patent infringement of business method patents based on the fact that they sell their products online.

Many internet retailers find themselves settling cases involving business method patents because it is easier and cheaper than trying to defend themselves in court. (Trolls)

Amici have a chart detailing how the increase in the number of business method patents has been accompanied by an eruption in the number of patent lawsuits filed. 2009 WL 3167956 *9 and Appendix 1

By allowing business method patents, amici claim that the court is giving "trolls" the ability to claim infringement knowing that a court will never evaluate the validity since most business entities will settle rather than pursue litigation.



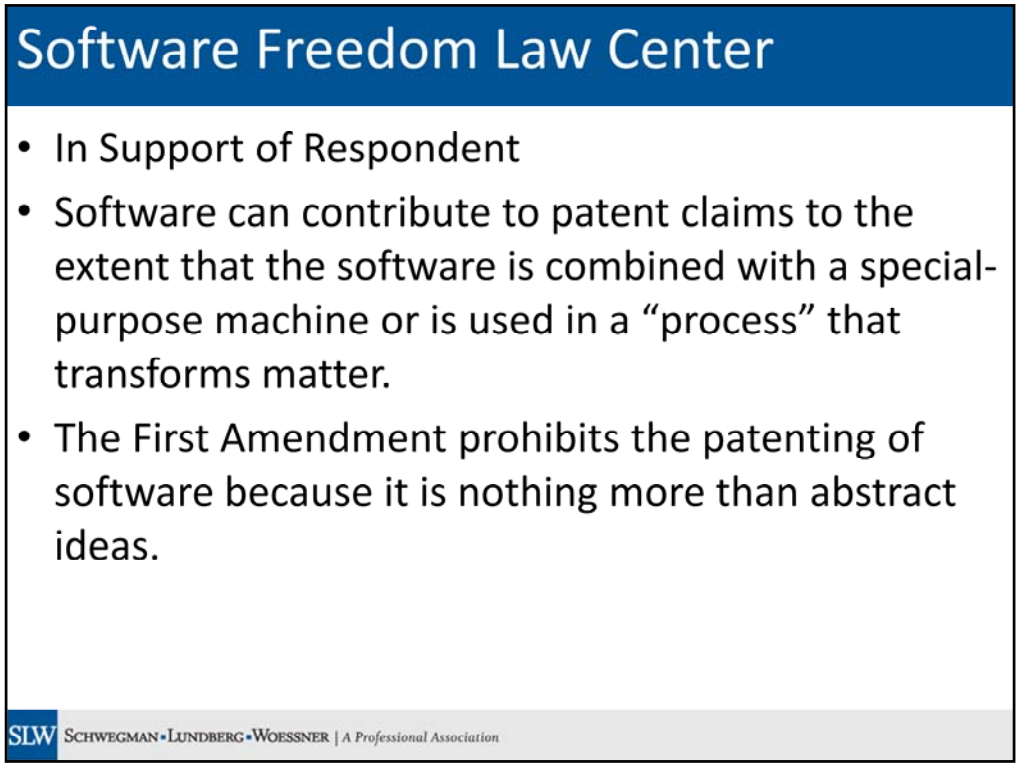
Amicus is the world's leading provider of open source software and related services to enterprising customers.

"Far from encouraging innovation, this proliferation of patents has seriously encumbered innovation in the software industry. Software is an abstract technology, and translating software functions into patent language generally results in patents with vague and uncertain boundaries."

"transformation and reduction of an article 'to a different state or thing' is the clue to patentability of a process claim that does not include particular machines."2009 WL 3167952 *7 quoting Benson

Software has been around longer than software patents and if the patenting on software continues then the software industry will come to a standstill.

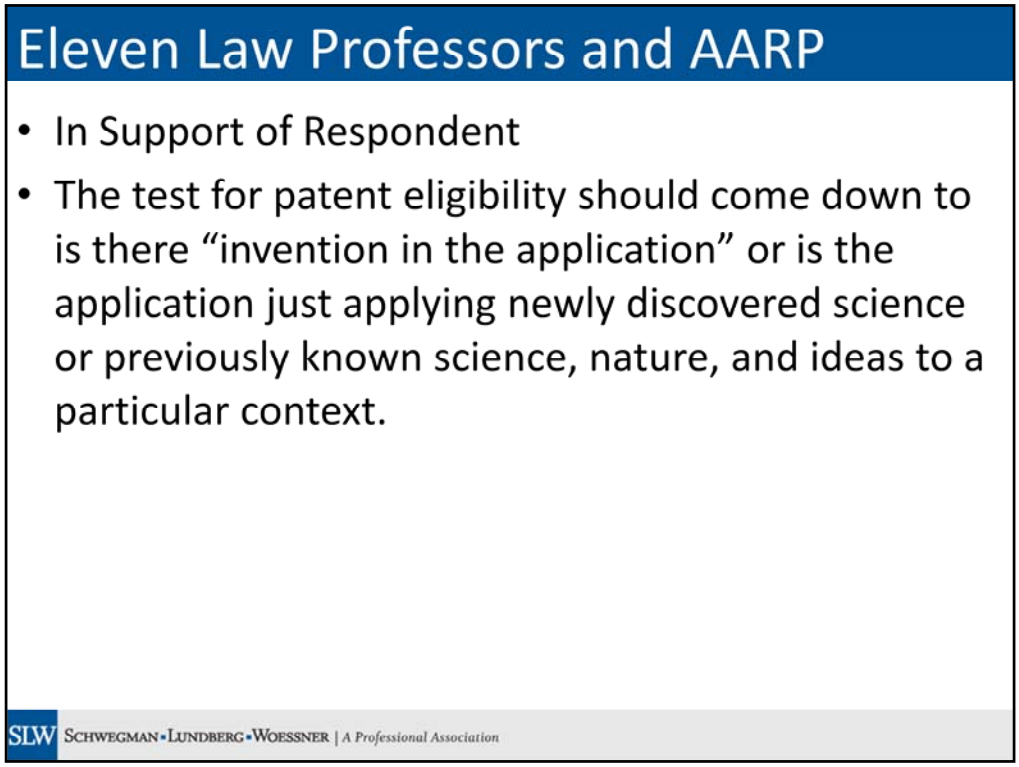
Interesting Footnote: FN13 Amicus admits that it does have a patent portfolio of its own, but does not enforce it against others. It is used only as a shield.



Amicus is a non-profit legal services organization that provides legal representation and other law-related services to protect and advance free software.

Software standing alone is a series/representation of algorithms.

First Amendment restricts the patenting of abstract idea. Comparison to the *Eldred v. Ashcroft* case which was a © case but © and patents come from the same part of the Const. So patents on software disturb the "definitional balance" between the First Amendment and the Patent Clause/Patent Act

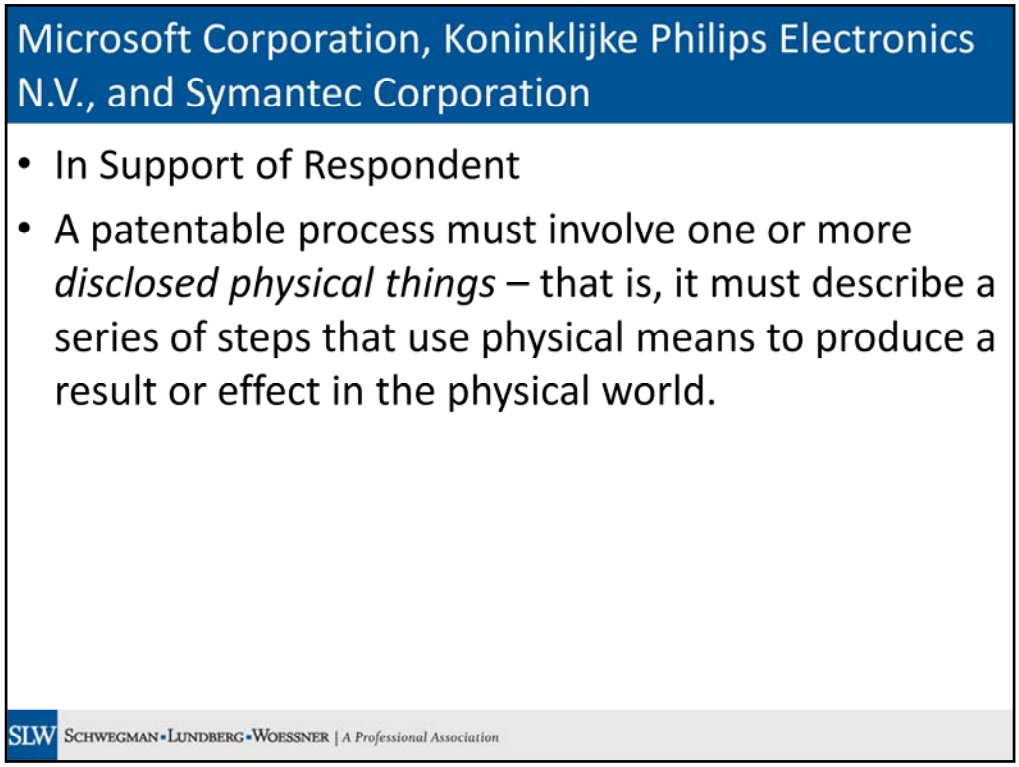


The Law Professors teach and write about patents, IP, health, science and Constitutional law. AARP is a nonpartisan, nonprofit organization that helps people over the age of 50 to have independence, choice and control in ways that are beneficial to them and society as a whole.

"invention in the application" is a gatekeeper for § § 102. 103, 112

Need "invention in the application to make "machine or transformation" worth anything. "merely tying a process claim to some specific machine or having some kind of tangible effect will not impact eligibility without invention in the application." 2009 WL 3167954 *18

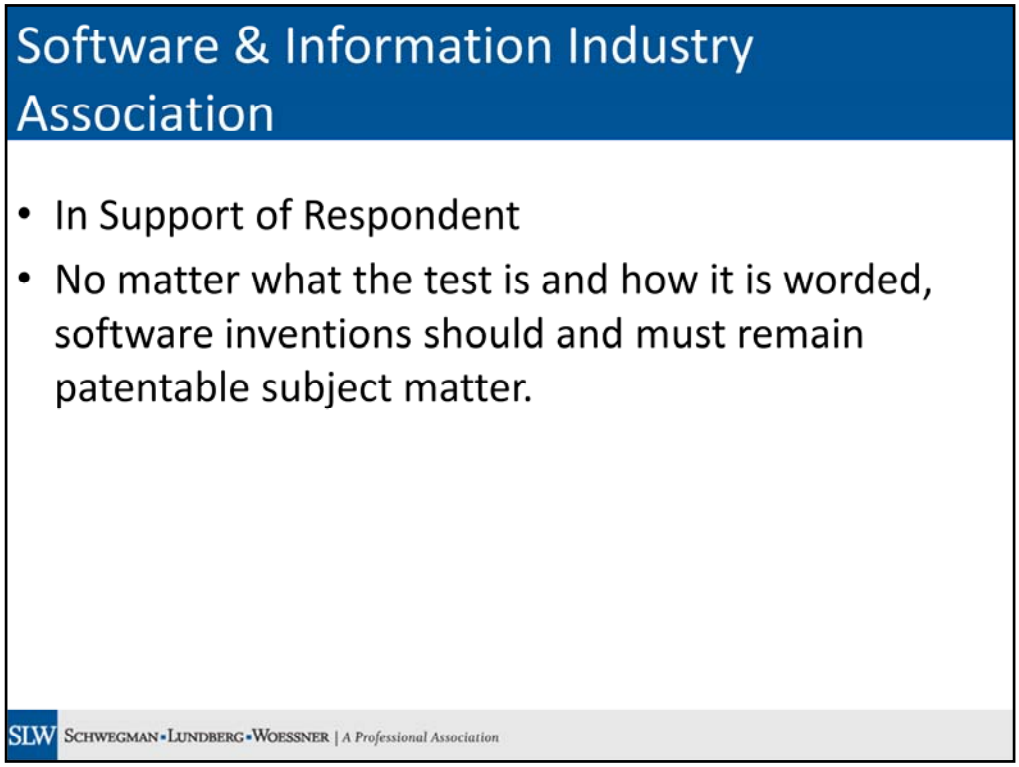
Need "invention in the application" otherwise the Patent Act is in conflict with the Constitution.



Microsoft's mission is to enable individuals and businesses throughout the world to realize their full potential by creating technology that transforms the way people work, play, and communicate. Koninklijke Philips is the parent corporation for the world wide Philips family of companies, which has been inventing and manufacturing electronic and electrical products for over 115 years and is one of the largest users of the patent system in the US. Symantec is a global leader in providing security, storage and systems management solutions to help its customers secure their information from risk. Amici all hold large numbers of patents including ones for computer-implemented methods, and are frequently sued by others with computer-implemented methods.

"physical means anything discernible or measurable, including electromagnetic signals propagated through the air, electric current transmitted by wire, electrostatic or magnetic charges on appropriate media, or photonic impulses through a fiber optic cable.

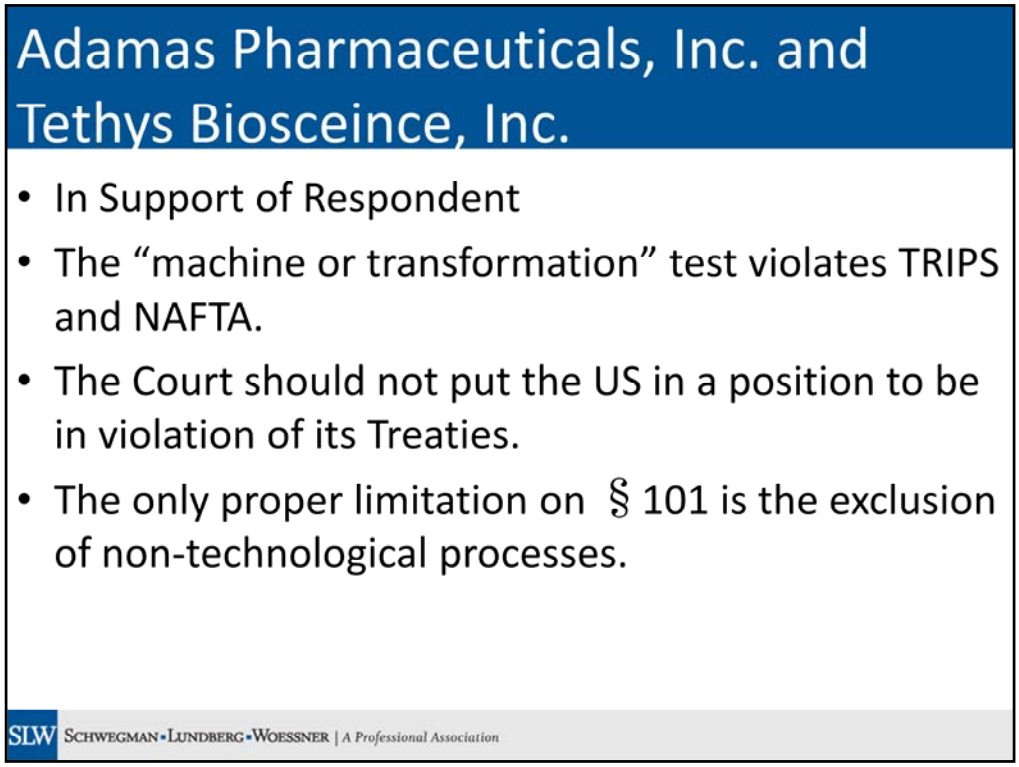
The test proposed by the amici has withstood the test of time already and is flexible enough to accommodate Information age technological advances.



Amicus is the principal U.S. Trade Association of the software and digital content industries.

"'machine or transformation' is useful in identifying an unpatentable abstract idea, it is not the single, dispositive test for eligibility."

Alappat issued in the modern era of software patenting in 1994 and since then people have invested large sums of money in software patents and firms that create software patents.



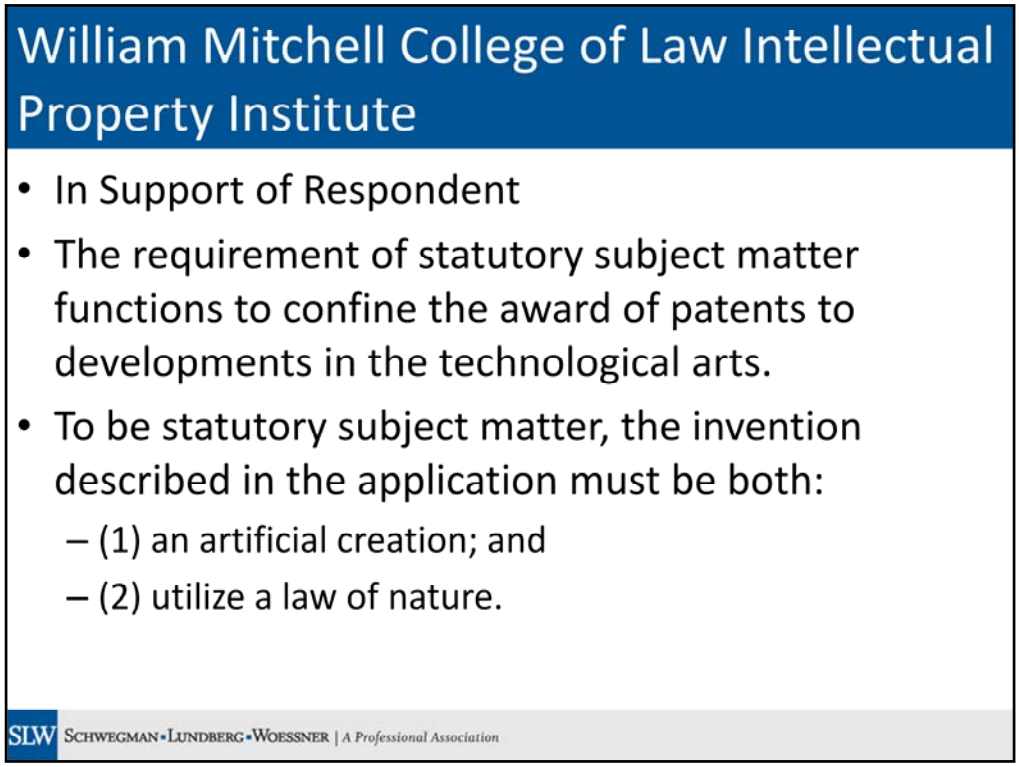
Tethys is a predictive personalized medicine company developing novel tests to identify those at risk of diabetes, by discovering, developing and commercializing novel biomarkers. Adamas is a pharmaceutical company focused on developing treatments for infectious diseases such as Swine flu.

"this case provides an opportunity to eliminate problematic business method patents and establish a § 101 subject matter test that is objective and predictable." … the Machine or transformation test does not do this.

Both TRIPS and NAFTA contain provisions that the US and American industry spearheaded with regards to "patent protection to all technologies without discrimination, with limited exceptions."

Congress has already amended Title 35 to comply with TRIPS

Courts should not try to create a test based on limited information (word limits on briefs)

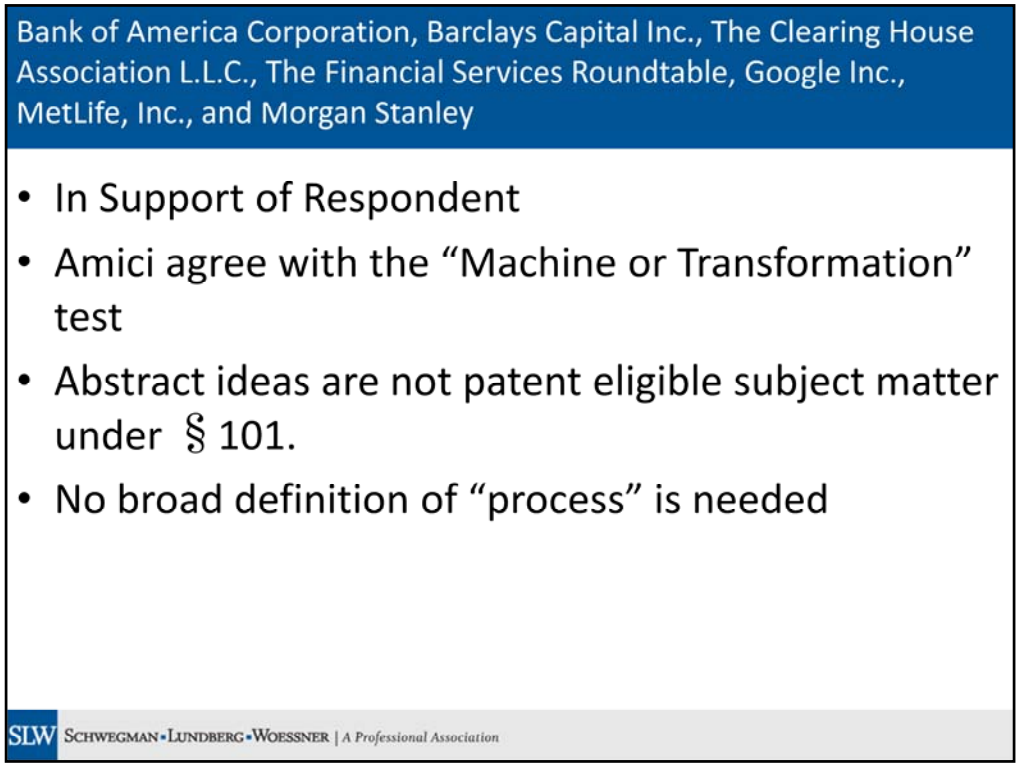


Amicus mission is to foster and protect innovation through education, research, and service initiatives. The purpose of the Institute is to raise iusses and arguments in the light of the public interest and the best interests of the patent system as a whole.

“The court should limit its consideration in this case to whether such financial methods are patentable subject matter, under section 101 of the patent statute.”

“The plain language of § 101 does not answer the question”

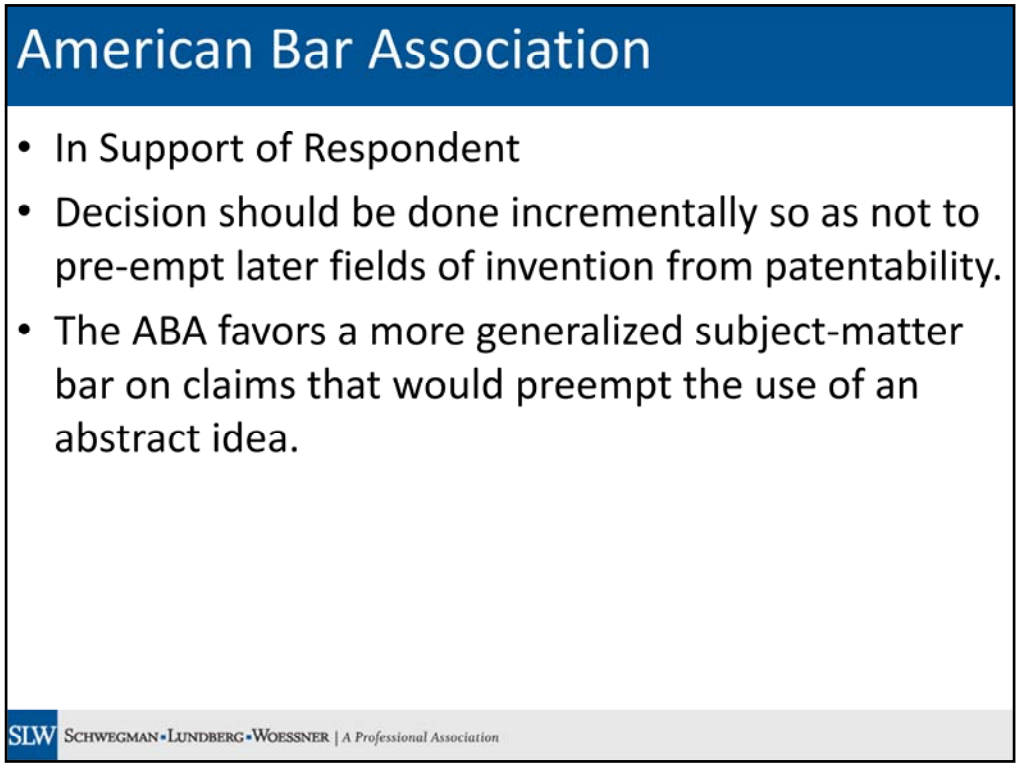
Cochrane should be overruled according to Amicus.



Amici are leading companies and associations in the financial services and information technology industries.

Bilski's claim is not patentable subject matter and neither is accounting methods, tax mitigation techniques, financial instruments, or other means of organizing human behavior. This includes the software needed to implement the aforementioned subjects.

"Machine or transformation" provides clear, workable, guidelines and will not preclude the evolution of the patent law to new technology. 2009 WL 3199628 *16-17

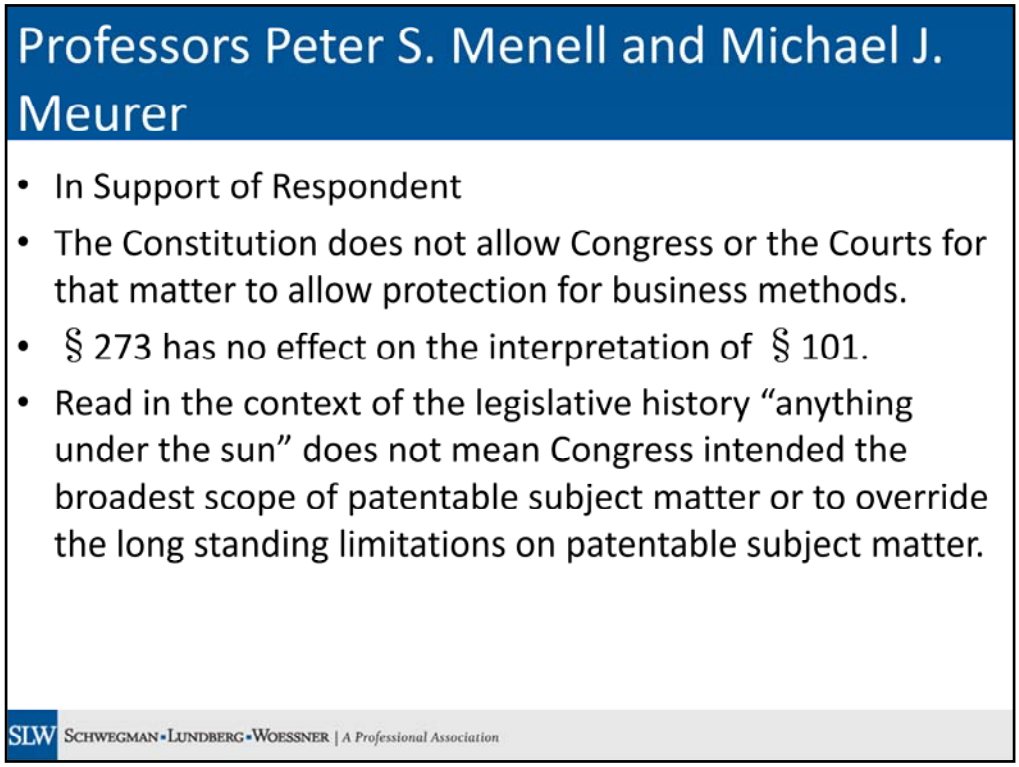


The ABA is the largest voluntary professional membership organization and the leading organization of legal professionals in the US. It's section of IP law is the world's largest organization of IP professionals. Other sections that took an interest in this brief include: Section of Taxation, Section on Real Property, Trust & Estate Law, and the Section of Science and Technology law.

"This case does not require this Court to make broad pronouncements of new legal principles regarding the scope of permissible "business method patents."

Incrementally means no categorical rules.

"If the exercise of human intellect or judgment is central to a claim, then the patentee's contribution of other incidental matter in the claim should be insufficient to support a patent."



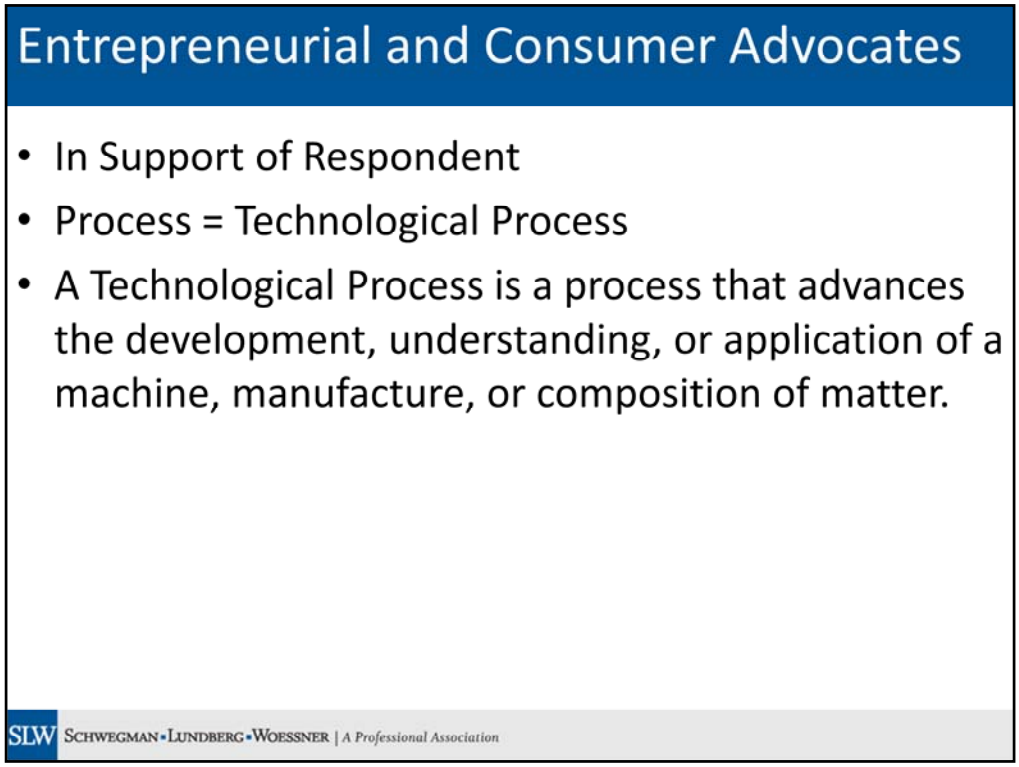
Amici both hold law degrees and doctorate degrees in economics. They teach IP law and its economic effects. Menell teaches at UC Berkeley School of Law and Meurer teaches at Boston University School of Law.

Business methods are not in the "useful" arts since useful arts relates to trades utilizing technology.

Section 273 is a stand alone section and does not utilize the definitions of § 100 but rather defines "method" for use in that section only.

"Economic research has shown that the relationship between patent protection and innovation is complex and often diverges from the naïve and romantic incentive story being asserted in several briefs supporting the patentability of nontechnological arts.: 2009 WL 3199629 *30

Social costs of business method patents out weigh the social benefits.

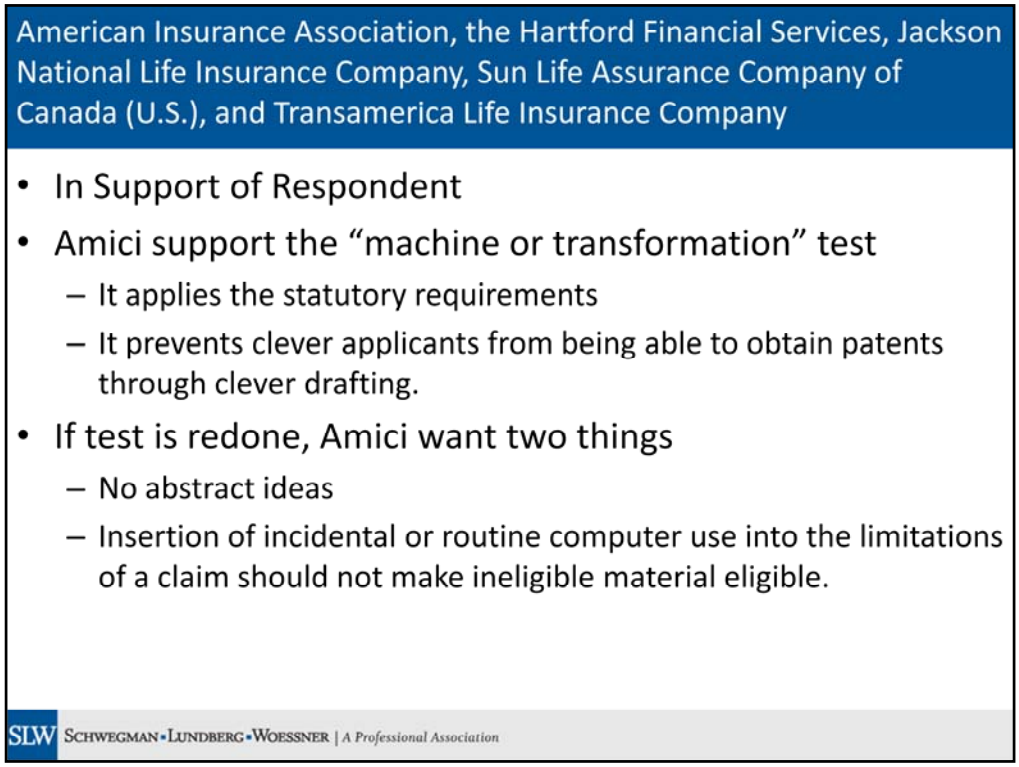


Amici fund, speak, write and work to support entrepreneurship and consumer interests, including freedom to innovate. They include The Kauffman Foundation, The Electronic Frontier Foundation, Public Knowledge , Brad Feld, Robert J. Glushko, Mitchell Kapor, Jacob Mendelson, Tim O'Reilly, and Eric von Hippel.

"non-Technological processes such as business methods and services were understood to be excluded from that definition, an exclusion courts respected for decades."

"not every kind of an invention can be patentable"

"Moreover, the PTO has a long history of hiring and training technologists to be patent examiners; to force it to hire bankers, arbitrators, charity fundraisers, and storytellers to help examine the wide array of non-technological applications that Petitioners would allow would be both a waste of resources and outside of the competencies of the Office." 2009 WL 3199639 *29

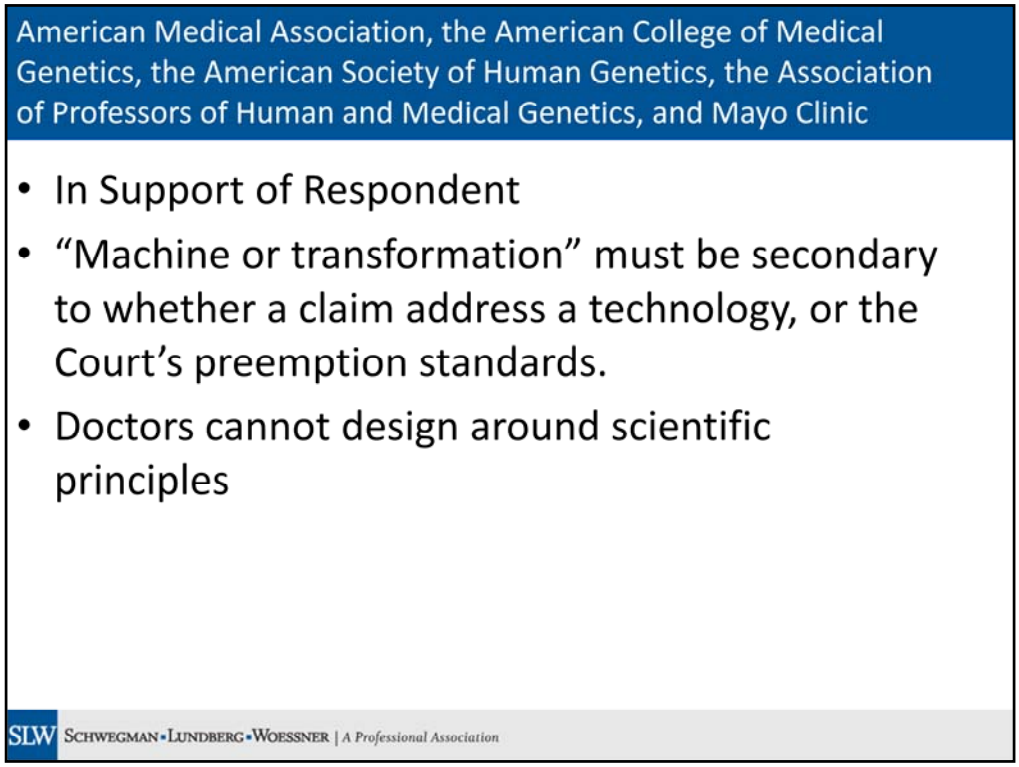


Amici deal in contracts- insurance policies, annuities, and other insurance related services.

Insurance companies have "troll" problems. "rapidly increasing number of such 'business method' patent applications that recite a 'process' consisting of nothing more than an abstract idea, such as an insurance policy feature or contract term, administered through the routine use of computers."

"litigants should be able to raise § 101 eligibility at any point in a case – including during trial or on appeal"

Amici want guidance from the court especially since they give a number of examples of on going litigation in the brief.



Amici are primarily non-profit organizations dealing with health and science issues.

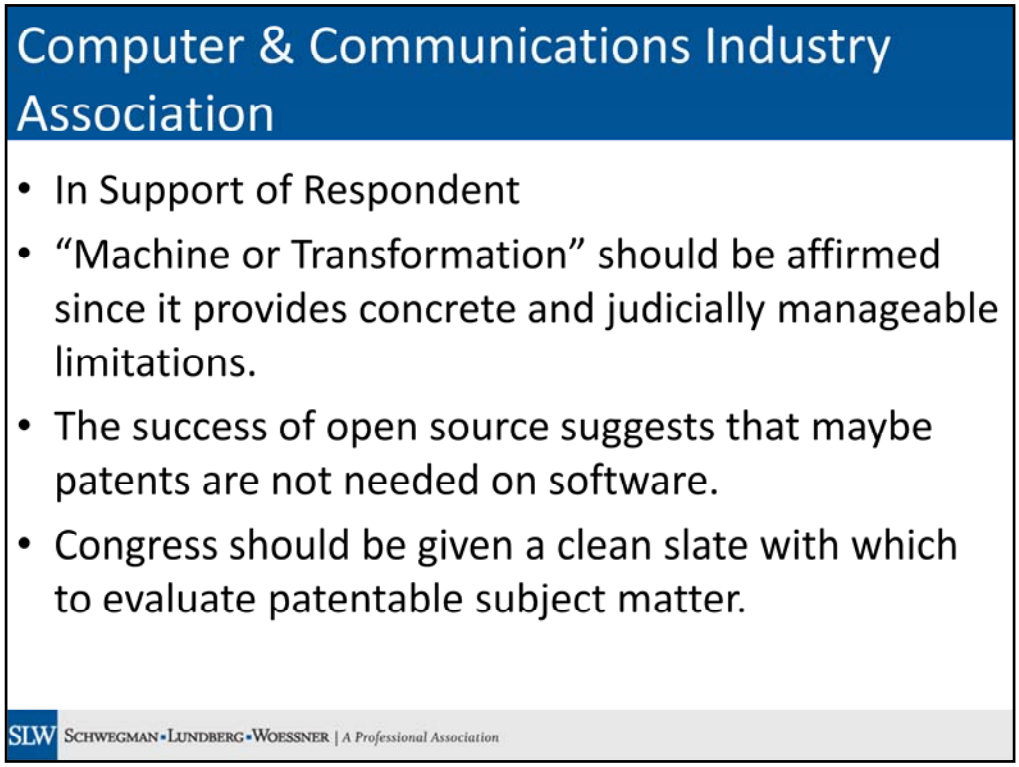
Amici wants the lower courts to understand that "they may not uphold patents whose claims impede the practice of medicine by prohibiting physicians from making their own observations of biological processes." (i.e., *Labcorp* and *Prometheus*)

"physicians have longstanding ethical obligations to advance and share useful medical knowledge with patients and physicians." 2009 WL 3199621 *14

Physicians cannot design around and cannot forget what they are taught for 20 years when a patient needs treatment today.

Asking doctors to sign license agreements or even negotiate them for that matter takes time away from patients and research and drives the cost of health care up.

IMPORTANT NOTE: Mayo intends to file in October 2009 its petition for certiorari in Oct. 2009 for the *Prometheus* case. It will raise the same 101 issues that the Court did not resolve in *Labcorp* due to no preservation for appeal. FN 6

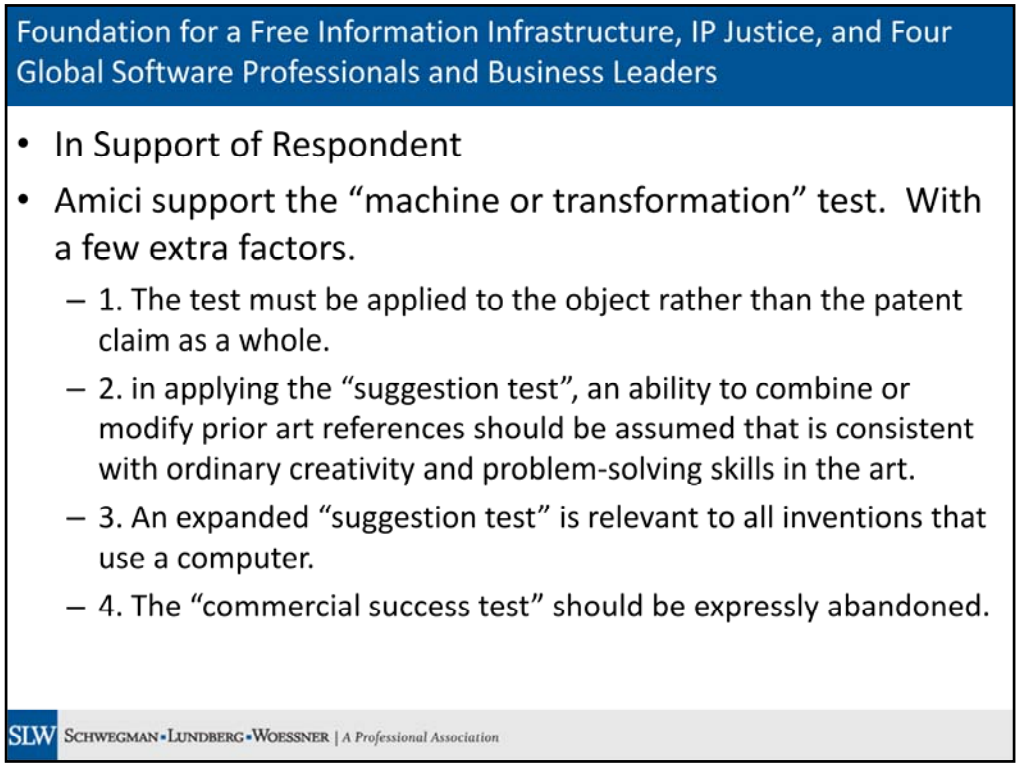


Amicus is a non-profit trade association dedicated to "open markets, open systems, and open networks."

"The limits of patentable subject matter should be drawn clearly for the benefit of all not 'flexibility' for the sake of applicants."

Amicus hate *State Street Bank*. ("By improvidently allowing 'everything under the sun' into the patent system, *State Street* effectively preempted thoughtful Congressional analysis.")

Copyright does not prevent open source as long as nothing is copied from proprietary applications, so why does the patent system. 2009 WL3199624 *36



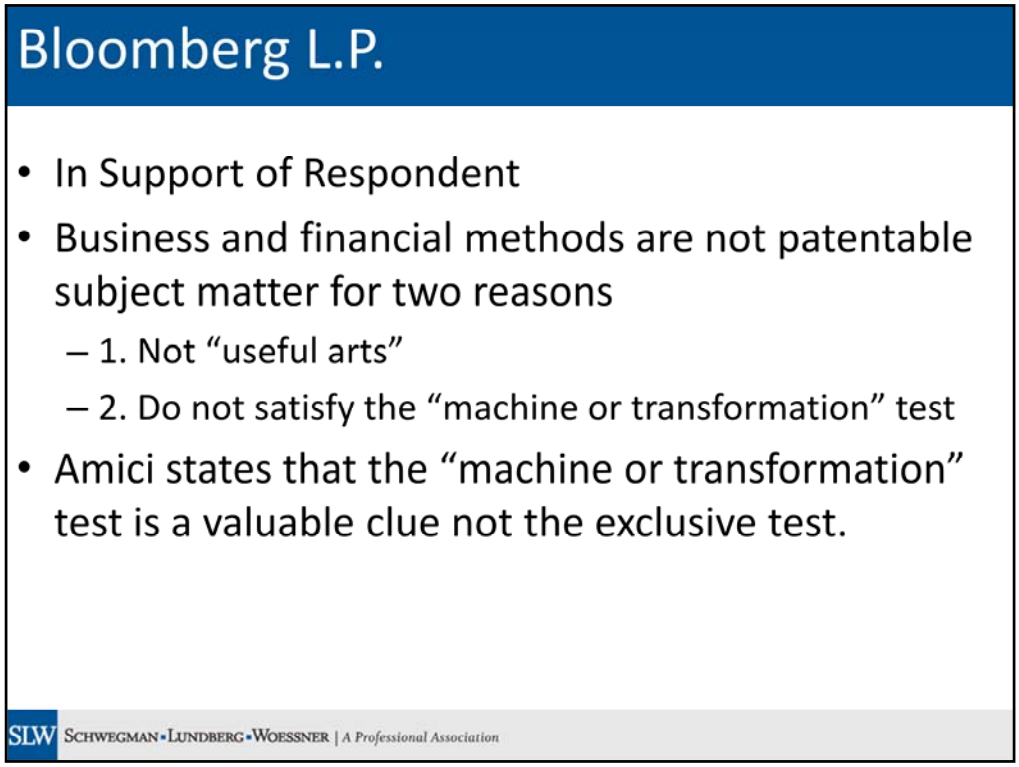
The Foundation for a Free Information Infrastructure is a charitable association registered in Munich, Germany which is dedicated to the spread of data processing literacy. The four global software professionals are long time members of the foundation and founders of the Foundation's Global Patent Policy Research Group. Each having been affected by the beneficial and harmful effects of patents. IP Justice is an international civil liberties organization that promotes balanced IP rights and protects freedom of expression.

Reverse engineering of software code is time consuming and extremely difficult. "it is never done to save work, but only as a last resort in some special situations." 2009 WL 3199626 *13

The "suggestion test" states that if the prior art would have already suggested the claimed invention, then the claimed invention is obvious.

Writing a computer program and then running it on a computer is obvious nor is it novel.

NOTE: Um I have no clue why the amici brought in obvious and novel and commercial success to a test under § 101 its on 2009 WL 3199626 *31-34

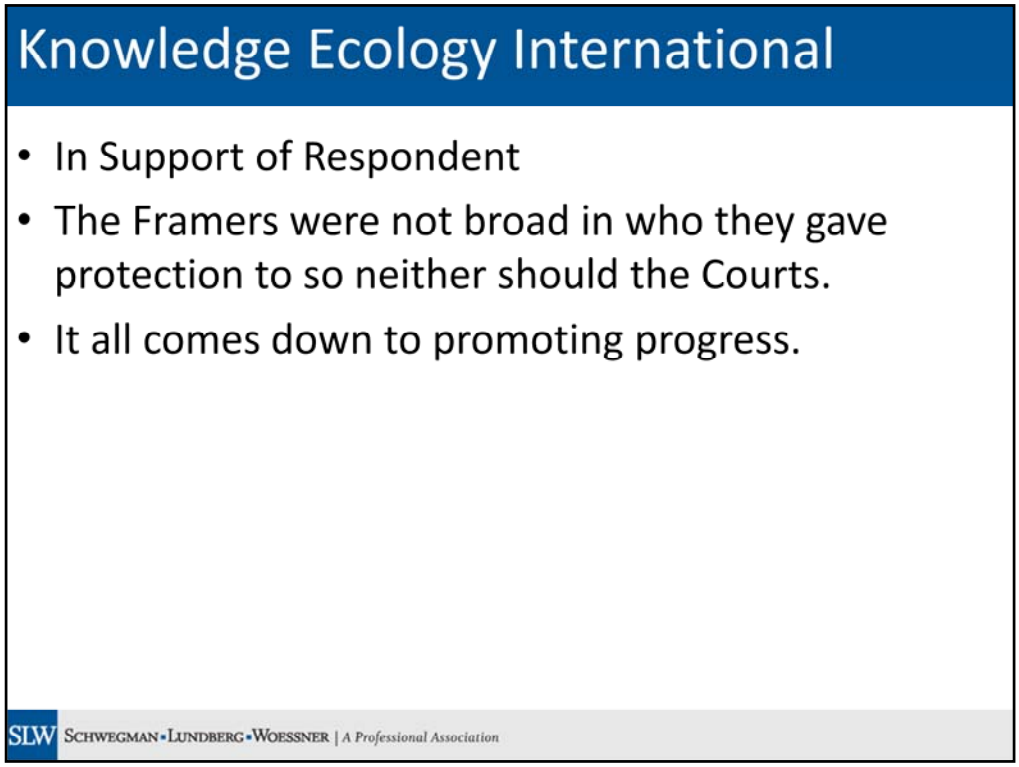


Amicus is one of the largest providers of financial news, information, and related goods and services, supplying real-time news and information to more than 260,000 users world wide.

"The machine or transformation test, if applied to subject matter that promotes the useful arts, provides a useful indication of the proper boundaries for patentability."

Promote technology, science and industry → goal of patent system

To satisfy the transformation prong you have to do more than manipulate data.



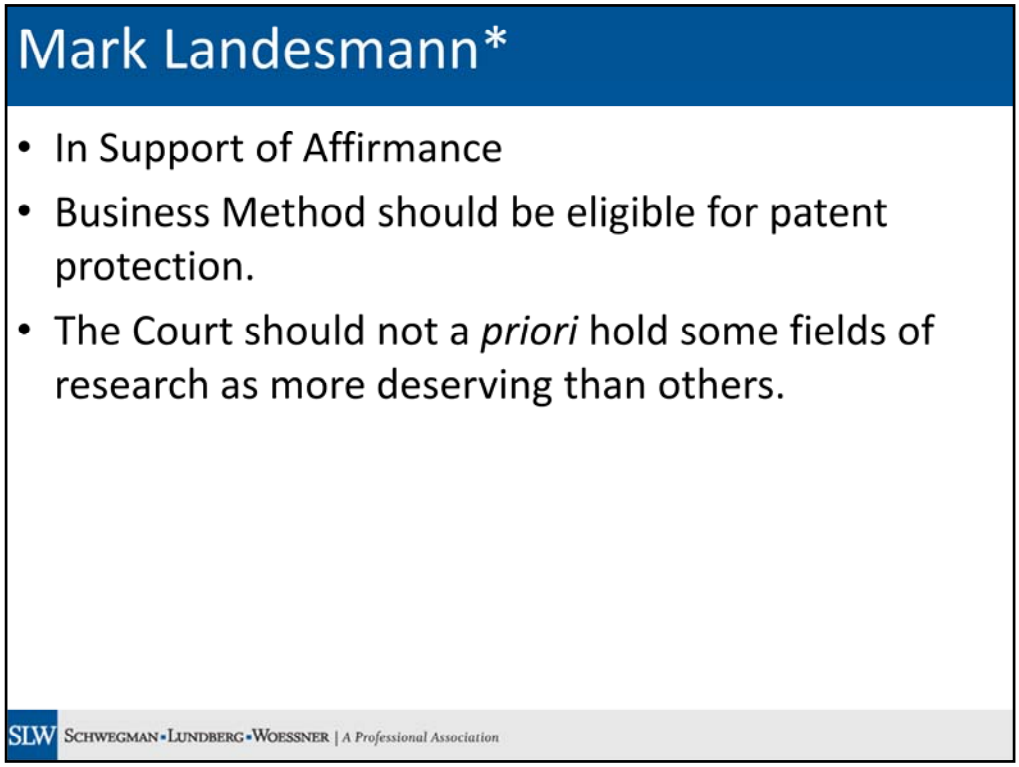
Amicus is a non-profit non governmental organization that searches for better outcomes, including new solutions, to the management of knowledge resources.

Limited time monopoly and the money it provides are nice but the main goal of the patent system is to promote progress.

“useful arts” not all arts so some inventors not all inventors.

Can give incentives with giving a patent. (the Orphan Drug Act allows for exclusivity as well as tax cuts and grants for recoupment of funds spent in development)

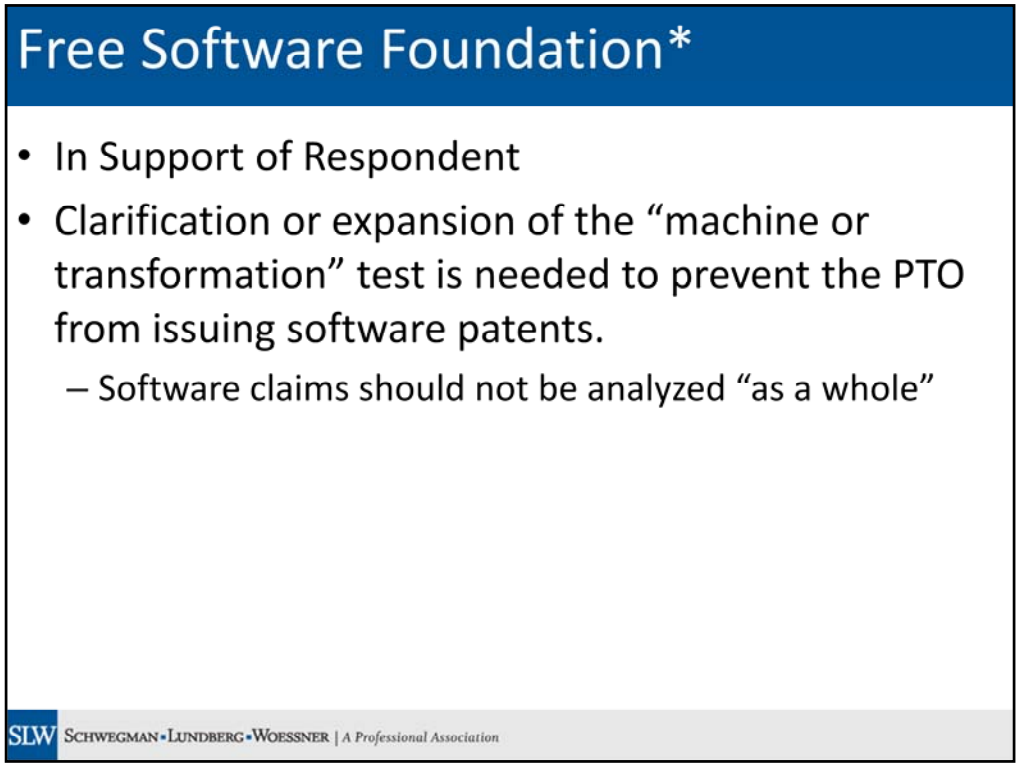
WIPO does give individual countries discretion when applying the TRIPS agreement.



Amicus is an entrepreneur, patentee and majority owner of one issued and several pending business method patents. Amicus has NEVER been schooled in patent law or any other area of the law for that matter. (He holds an MBA from Harvard)

Clue = an investigative tool, not an absolute requirement or boundary.

NO evidence that business method patents are harmful to society.



Amicus is a major developer in the field of software, in addition it provides via its legal, technical, and administrative infrastructure an umbrella for further software development by other programmers around the world.

"litigation regarding software is increasingly targeted not at producers in the 'information processing sector', but rather at parties in the general economy who are independently reinventing software in the course of business."

Software claims are considered preliminarily "taken as a whole" when assessing 101 eligibility

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Intellectual Property Attorneys

PATENT PROTECTION FOR HIGH TECHNOLOGY

Thank you for your participation.

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