



## RECENT PATENT UPDATES

by Sandra P. Thompson, PhD

### *Bilski v. Kappos*—Patentable Subject Matter

The Supreme Court's decision in *Bilski v. Kappos* last week was expected to determine the fate of several types of patent subject matter, including business methods and software. The Court, however, opted to address the issue of patentable subject matter down the road, and deal solely with the narrow case at hand.

The outcome: Bilski's algorithms and methods directed to hedging risk in financial transactions were determined to be unpatentable subject matter. This decision, while unfavorable for Bilski, is generally a good decision right now for patent holders and applicants with business method and/or software-based claims.

The Court stated that the "machine-or-transformation" test is not the only test of patentable subject matter. This position will likely lead the USPTO to amend its guidance to Examiners reviewing business methods and software patent applications. Currently, Examiners rely on the Federal Circuit's direction on this test. The Supreme Court's clarification should help patent applicants make a case that these types of inventions are valid subject matter. The Court's decision also indicates that advances in technology and electronic media shouldn't necessarily be deemed nonpatentable based on conventional patent wisdom.

Finally, the concurring opinion by Justices Stevens, Sotomayor, Breyer and Ginsburg stated that they do not consider business methods as patentable "processes" under 35 USC 101. This opinion should be reviewed by businesses seeking patent protection for processes that could be considered business methods, given that the Court may address this issue directly at some point in the near future. It may not mean that processes having business method aspects can't be patented. It could be that those patent claims need to be carefully crafted in view of this signal from the Court.

### Information Disclosure

A collection of recent case law related to inequitable conduct is clarifying a patent applicant's duty of disclosure to the U.S. Patent & Trademark Office (USPTO), along with focusing on subject matter conflicts-of-interest in patent prosecution. These decisions, coupled with the USPTO's trend of requiring more complete and complex disclosures from the patent applicants, means that businesses must closely track their invention disclosures, patent applications and patents.

The key consideration for businesses with intellectual property interests is to put a tracking process in place that can expand, is easy to use, and works in conjunction with a patent committee that meets regularly. A more detailed article on tracking invention disclosures and setting up patent review committees can be found [here](#).



*Sandra P. Thompson, PhD, is a Shareholder and Chair of the firm's Intellectual Property Practice Group. Dr. Thompson can be reached at (949) 224-6282 or [sthompson@buchalter.com](mailto:sthompson@buchalter.com).*