

SUPREME COURT CLARIFIES PATENT ELIGIBILITY BUT UNCERTAINTY REMAINS

In a decision announced June 28, 2010, the United States Supreme Court has attempted to clarify what constitutes patentable subject matter under the Patent Statute. In *Bilski et al. v. Kappos*, the Court upheld a decision by the Court of Appeals for the Federal Circuit that Bilski's claims to methods of hedging risk in certain financial markets were unpatentable. In so doing, the Court held that the so-called "machine-or-transformation" test is not the exclusive test for patent-eligible subject matter. The Court stated that, while methods of conducting business are not excluded as a category of patentable subject matter, abstract ideas are excluded. The Bilski risk hedging process claims were found to be unpatentable because they recite an abstract idea.

The machine-or-transformation test states that a claimed process is patent-eligible if it is tied to a particular machine or transforms a particular article into a different state or thing. The Court held that the machine-or-transformation test is not the sole test for determining patentable subject matter, but instead is a "useful and important clue" for determining whether claims fall under Section 101 of the Patent Statute; and has been consistently used by the Court to determine whether a process is patentable. However, the Court did not clearly provide guidance as to the test for patent eligibility if a claim does not meet the machine-or-transformation test.

Thus, for those claims that are not amenable to the machine-or-transformation test, we are left with the general guidance that laws of nature, abstract ideas, and physical phenomena are not eligible for patent protection. That guidance can be helpful but does not provide the certainty and predictability of a definitive test.



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