

IP ADVISOR

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2007 ISSUE**ANYTHING UNDER THE SUN?
RECENT DEVELOPMENTS IN THE DOCTRINE OF PATENTABLE SUBJECT MATTER***By Christl M. N. Denecke***The Shifting Scope of Patentable Subject Matter**

Although the scope of patentable subject matter has famously been defined as “anything under the sun made by man,” the precise limits of this doctrine remain unclear. Decisions from the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit have been constantly adjusting the boundaries of patentable subject matter in ways that continue to alter assumptions about what is and is not patentable. These fluctuations have been affecting patent applicants and practitioners in fields such as business methods, software, encryption and biotechnology.

These decisions have led to some interesting results. For example, one can patent a genetically engineered plant, but not a particularly useful man-made mixture of bacteria. One can patent a mathematical formula as part of a manufacturing process, but not a mathematical formula in and of itself. One can patent a business method, but not an abstract idea or fundamental truth. Such holdings create uncertainty about whether many newly developed technologies fall within the scope of patentable subject matter.

Recently, the Federal Circuit once again waded into the morass and attempted to create a bit more certainty about the limits of patentable subject matter in two new opinions, *In re Comiskey*, No. 06-1286 (Fed. Cir., Sept. 20, 2007) and *In re Nuijten*, No. 06-1371 (Fed. Cir., Sept. 20, 2007).

No Patents for Methods without Physical Embodiment

Comiskey's claims, rejected by the PTO, were directed to a system of mandatory arbitration for disputes involving legal documents. This method consisted essentially of enrolling participants in an arbitration program, inserting a mandatory arbitration clause into legal documents, conducting arbitration and reaching a decision. The claims were not limited to (i) being practiced on any mechanical device, (ii) any particular language in the mandatory arbitration clause or (iii) any particular steps for conducting the arbitration and reaching a decision. Therefore, the Board of Patent Appeals and Interferences found that the claims were too obvious.

On appeal, the Federal Circuit did not reach the question of obviousness, but upheld the Board of Patent Appeals' decision on the grounds that Comiskey's claims covered unpatentable subject matter. Specifically, the court found that “the present statute does not allow patents on particular systems that depend for their operation on human intelligence alone” Although, under *State Street Bank*, a claim for a method cannot be rejected merely because the method is one for doing business, it does not follow that all business methods are patentable. Specifically, mental processes that are not part of

systems including a machine, article of manufacture or composition of matter are not within the scope of 35 U.S.C. § 101.

Transient Physical Embodiments Are Not Patentable

In *In re Nuijten*, the Federal Circuit addressed the patentability of a signal in and of itself. Nuijten had already obtained patent claims on a method and a mechanism for generating signals with an embedded watermark, such as the type used for copyright protection. Nuijten had also obtained the claims for a storage medium having a signal with an embedded watermark thereon. The PTO had refused, however, to allow Nuijten's claims for a signal with an embedded watermark.

The Federal Circuit panel, by a vote of 2 to 1, upheld the decision of the Board of Patent Appeals and Interferences, finding that Nuijten's signals are not patentable subject matter. The majority found that electromagnetic signals are not patentable because they do not fall within any of the four categories of patentable subject matter. Specifically, the majority opinion argued that electromagnetic signals are too transient to be within the meaning of "article of manufacture." In his dissent, Judge Linn criticized the majority for their narrow interpretation of § 101 and outlined his reasons for why electromagnetic signals fall within the scope of "article of manufacture."

Implications for Inventors and Businesses

Although *In re Comiskey* and *In re Nuijten* do not completely clarify the scope of patentable subject matter, they do provide insight into the limits of this category. The Federal Circuit will generally accept that claims for ideas or principles as applied in a physical instrumentality are patentable. However, to date, the court has been unwilling to extend patentability to cover ideas in transient or non-existent physical form.

These recent decisions have important implications for practitioners. Those applying for a patent in fields such as business methods, encryption, software, communications and medical treatments should be careful to include some claims covering a physical manifestation of their invention to ensure that those claims fall within the current scope of statutory subject matter. However, as this issue of transient embodiments is ripe for review to the Supreme Court, patent applicants and patent practitioners should also keep an eye out for future changes to the limits of patentability.

If you would like further information about the topics covered in this newsletter, or any of the above publications or conferences, please contact Thomas J. Scott, Jr., chair of Goodwin Procter's Intellectual Property Group, at 202.346.4332 or tscott@goodwinprocter.com

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