



Seasons Greetings

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“Tip of the Month”

Software and Business Method Patents – The Changing Landscape

It’s been more than ten years since the Court of Appeals for the Federal Circuit issued its opinion in *State Street Bank*. This case was the watershed case for patents to business methods and to software programs.

On October 30, 2008, the Federal Circuit in *In re Bilski* rejected the test for patentability that it had adopted in *State Street* and other tests frequently used to determine patentability of process subject matter.

The new ruling is narrowly focused on the “utility” requirement for patentability of process claims (which is separate from the novelty and nonobviousness requirements). There is now only one test. It is called the “machine-or-transformation test.” The test requires patent examiners to ask if the process (1) is tied to a particular machine or apparatus, or (2) transforms a particular article into a different state or thing.

What does this mean? First, the use of a specific machine or transformation of an article must impose meaningful limits on the claim’s scope. Second, the involvement of the machine or transformation in the claimed process must not be merely an insignificant extra-solution activity.

Clearly, the machine-or-transformation test will severely limit the type of software or business method that may be claimed in a patent application. Like other relatively recent court decisions, the Federal Circuit’s holding in *In re Bilski* may implicate already issued patents directed to software and business methods as well as pending patent applications.

For a patentability review of your business method (i.e., whether your business method meets the minimum requirements for patentability), please give us a call at 668-1971 or contact us by email at *mailbox @ biz-patlaw.com*.

Happy Holidays!

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