Federal Circuit Continues to Develop Test for Patentable Subject Matter after Supreme Court's *Bilski* Decision

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Under § 101 of the Patent Act, patentable subject matter includes "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof. . ." The precise definition of "process," however, has eluded both the courts and patent practitioners for many years, especially when considering computer-related processes. Before the Supreme Court addressed the issue last summer, courts had relied on the "machine or transformation" test established by the Federal Circuit as the sole criterion for patentability. *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008) determined that an invention is a patentable "process" under the Patent Act only if (1) "it is tied to a particular machine or apparatus," or if (2) "it transforms a particular article into a different state or thing".

The Supreme Court concluded in *Bilski v. Kappos* that the "machine or transformation" test was not the sole test for patentability, but rather only a "useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under Section 101." 561 U.S. ---, 130 S.Ct. 3218, 3227 (2010). The Supreme Court also intended that the lower courts would find additional ways to determine process patentability. Since then, the district courts and Board of Patent Appeals have seen a flurry of activity and arguments concerning the patentability of "processes." In December, the Federal Circuit issued its first opinion regarding the patentability of processes since *Bilski*.

In *Research Corporation Technologies, Inc. v. Microsoft Corp.*, 627 F.3d 859, No. 2010-1037 (Fed. Cir. Dec. 8, 2010) (*RCT*), at issue was whether claims in RCT's patents on digital image halftoning concerned patentable subject matter. The Court concluded that such claims concerned patentable subject matter as the claims were not "too abstract."

In support of its finding, the Court noted that the Supreme Court "articulated only three exceptions to the Patent Act's board patent-eligibility principles: 'laws of nature, physical phenomena, and abstract ideas.'" *Id.*, at 13. And since the "Supreme Court did not presume to provide a rigid formula or definition for abstractness . . . this court also will not presume to define 'abstract' beyond the recognition that this disqualifying characteristic should exhibit itself so *manifestly* as to override the broad statutory categories of eligible subject matter." *Id.*, at 14 [emphasis added].

Viewing RCT's claims through this lens, the Court found "nothing abstract in the subject matter of the processes claimed." *Id.*, at 15. In fact, "[t]he invention presents functional and palpable applications in the field of computer technology," and "high contrast film," "a film printer," "a memory," and "printer and display devices" were certainly not abstract. *Id.* Likewise, "inventions with specific applications or improvements to technologies in the marketplace are not likely to be . . . abstract." *Id.*

Those seeking patent protection for computer-related processes should find some solace in this decision. Reliance on "broad" statutory categories of patentable subject matter with "narrow" exceptions thereto appear to have left the door open for computer-related processes - so long as they are not "manifestly abstract."

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