U.S. Supreme Court hears arguments in 'Bilski'

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The U.S. Supreme Court heard oral arguments Monday in a closely watched case over what types of inventions are patentable.

The court will decide whether the Federal Circuit erred by holding that to be patentable, a process must be tied to a particular machine or transform a particular article into a different state or thing. Bilski v. Kappos, 08-964.

The so-called "machine-or-transformation" test would make many business methods and software developments ineligible for patent protection, and could have a broader impact across technologies.

The Bilski case is "likely to have a very important impact on patentable subject matter and how we advise our clients," Tate Tischner, an associate at Nixon Peabody LLP and president of the Rochester Intellectual Property Law Association, said Monday.

The U.S. Constitution states that inventions are subject to patents. U.S. Const. Art. I [section]8 Cl. 8. But the work that's being done now wasn't foreseeable when the Constitution was written, Stephen B. Salai, a partner at Harter, Secrest & Emery LLP in Rochester, said.

At issue in Bilski are business methods involved in hedging risks in commodities trading.

Other business methods, such as sophisticated tax planning strategies, already have received patents. Those patents could be jeopardized if the Supreme Court upholds the "machine-or-transformation" test of what is patentable subject matter under 35 U.S.C. [section]101, according to Mark Bartholomew, associate professor of intellectual property at the University at Buffalo Law School.

"We want to reward research and development, so in general the law's uncomfortable saying

that something is non-patentable" if it meets the requirements for patentability, Bartholomew said.

Patentability requirements under 35 U.S.C. [section]103 include utility, non-obviousness and novelty, he said.

Tischner, whose practice focuses on biotechnology, said the Bilski case also could compromise patented processes in the areas of personalized medicine, genetic testing or methods that depend on bio- markers or correlation to genetic information.

For instance, "if you're taking a sample from an individual and then testing that sample, and making a correlation with a genetic marker or bio-marker to diagnose a disease -- there's no machine involved in that," Tischner said. "The question is, how would we protect medical method subject matter under the 'machine-or- transformation' test?"

Tischner said such patent claims are "very standard" and that industries built on personalized medicine depend on patentable protection.

The U.S. Supreme Court received dozens of amicus curiae briefs addressing each side of the issue in Bilski.

Tischner's law firm filed an amicus brief on behalf of The International Association for the Protection of Intellectual Property, a non-profit group headquartered in Switzerland.

The AIPPI brief argues the Federal Circuit and the U.S. Patent Office have attempted "to limit the patent-eligibility of information technology inventions to the physical machines of the last century.

"Rigid tests based on past technologies must be avoided and sufficient flexibility in the statutory subject matter test must be available to foster innovation in undeveloped, nascent, and yet to be discovered technologies," the brief concludes.

On the other side, The Free Software Foundation filed a brief arguing software ideas are not patentable.

The brief filed for FSF by the Boston-based law firm of Burns & Levinson LLP argues "software patents hinder the progress of software development and distribution, are unjust and cause deleterious socioeconomic effects upon the advancement of technology."

The executive director of End Software Patents, Ciaran O'Riordan, said in a statement that "every software patent is a restriction on software developers and users of computers."

Attorneys reached Monday hesitated to predict how the Supreme Court will rule in the issue.

"The best thing for the industry is to have predictability," Salai said. "To the extent that the Supreme Court [decision] brings predictability and certainty, ... that's a good thing for everybody."

Nixon Peabody partners Mark Halligan, Ronald Eisenstein, Marc Kaufman and William Pegg

will lead a free Web-based seminar analyzing the oral arguments in Bilski from 3:30 to 5 p.m. Nov. 12. Contact Allison Nussbaum at anussbaum@nixonpeabody.com.