ANDRUS SCEALES STARKE & SAWALL

Intellectual Property Newsletter

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Implementation of New USPTO Rules Enjoined

By Aaron T. Olejniczak

Plaintiffs Tafas (an individual) and GlaxoSmithKline sued the U.S. Patent and Trademark Office and its commissioner Jon W. Dudas in the District Court for the Eastern District of Virginia to permanently enjoin the enactment of new USPTO Rules that were to go into effect on November 1, 2007. The Court issued a preliminary injuction on the eve of enactment of the rules to allow the Court to fully consider the validity of the rules. In a 26 page opinion rendered April 2, 2008, the District Court Judge granted the plaintiff's Motions for Summary Judgment and held that the USPTO's proposed limitations to the number of continuation applications and claims per patent to be improper. The Court stated: "Because the USPTO's rulemaking authority under 35 U.S.C. § 2(b)(2) does not extend to substantive rules, and because the Final Rules are substantive in nature, the Court finds that the Final Rules are void as 'otherwise not in accordance with law' and 'in excess of statutory jurisdiction [and] authority.'"

The General Counsel for the USPTO indicated that the USPTO will appeal the ruling to the Court of Appeals for the Federal Circuit (CAFC).

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Court of Appeals for the Federal Circuit Considers Patentability of Business Method Patents – Will The Supreme Court Be Next?

By Aaron T. Olejniczak

The U.S. Court of Appeals for the Federal Circuit (CAFC) hears patent appeals arising from the District Courts. Recently, the CAFC addressed a line of cases involving whether certain subject matter is patentable under 35 USC §101.

35 USC §101 states that "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." Thus, four statutory categories of patentable subject matter are defined: process, machine, manufacture and composition of matter. The U.S. Supreme Court has long held that "abstract ideas" are outside of this statutory definition and therefore are not patentable.

In 1998, the CAFC decided State Street Bank & Trust Co. v. Signature Financial Group, Inc., and held that "business methods have been, and should have been, subject to the same legal requirements for patentability as applied to any other process or method." This decision, along with a confirming decision in 1999, AT&T Corp. v. Excel Communications, Inc., was acknowledged by the U.S. Patent and Trademark Office (USPTO), and resulted in a flood of business method application filings at the USPTO.

On September 20, 2007, the CAFC decided In re Comisky, a case that involved the patentability of claims directed to a method and system for mandatory arbitration involving legal documents, such as wills and contracts. The CAFC held that business methods that can be performed by humans are not patentable because they are "abstract ideas" tied to the

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Patentability of Business Method Patents

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human mental process. A request was filed for the CAFC to hear the case *en banc* (i.e. all twelve judges will participate in the hearing, not simply a conventional panel of three judges).

Shortly after the CAFC decided In re Comisky, a CAFC panel heard arguments on October 1, 2007 regarding In re Bilski. The Bilski case involves claims to a method of managing the risk of bad weather through commodities trading. The patent claims at issue do not recite any particular form of technology, that is, they do not require a computer or particular storage media and therefore invoke "abstract ideas." The CAFC decided to hear the Bilski case *en banc*. Soon, the CAFC is going to consider, among other issues, a) what standard should govern in determining whether a process is patent-eligible subject matter under 35 USC §101; and b) whether it is appropriate to reconsider State Street Bank and AT&T Corp. The CAFC invited *Amicus Curiae* ("Friend of the Court") briefs and 27 were filed by the April 7, 2008 deadline.

It is speculated that either the Comiskey or Bilski cases may be heard by the U.S. Supreme Court. Justices Kennedy, Stevens, Souter and Breyer have previously expressed skepticism over business method patents. In MercExchange L.L.C. v. eBay, Inc., (2005) these Justices signed a dissenting opinion stating: "…the burgeoning number of patents over business methods…were not of much economic and legal significance in earlier times. The potential vagueness and suspect validity of some of these patents may affect the calculus [for determining injunctive relief]". This language may be a signal by the Supreme Court that it is ready to address many of the issues set forth by In re Comisky and In re Bilski.

The CAFC is primed to determine whether patentable subject matter under 35 USC §101 should be given an expansive or narrow scope. Given the U.S. Supreme Court's recent interest in patent law (see our last newsletter, Volume 1, Issue 1) it would not be surprising for the high court to weigh in on this issue as well.

Firm News

George Solveson gave a presentation entitled "Hot Topics in Patent Litigation -Old Dogs Must Learn New Tricks" at the Patent Litigation Summit for the Indiana Continuing Legal Education Forum on November 15, 2007. George has specialized in litigation, and has litigated numerous patent cases in many courts throughout the United States, including the U.S. Court of Appeals for the Federal Circuit (CAFC). He has also lectured at the University of Wisconsin (Madison and Milwaukee), as well as at numerous seminars including the National CLE Conference, AIPLA, and the Wisconsin Bar Association. He has been designated as a "Super Lawyer" by his peers.

Chris Scherer gave a presentation entitled "Intellectual Property Law as a Career Choice for Engineers," to freshmen electrical engineering and computer engineering students at Marquette University on February 14, 2008. Chris gives this presentation to the freshmen engineering students annually as part of their freshmen engineering seminar curriculum.

Joseph Kuborn recently gave a lecture concerning U.S. and worldwide patent protection to the University of Wisconsin-Milwaukee Executive MBA program. Joe has previously lectured at the UWM engineering school and the Milwaukee School of Engineering (MSOE). He has been designated as a "Rising Star" by his peers.

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