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What is Patentable Subject Matter?

The Federal Circuit recently addressed the limits of patentability in two decisions, *In re Comiskey* and *In re Nuijten*.

The Comiskey patent application claimed a method for mandatory arbitration resolution. It was rejected by the Patent Examiner as obvious in light of prior art. This finding was affirmed by the Board of Patent Appeals and Interferences, and ultimately appealed to the Federal Circuit. The Federal Circuit, after oral argument in the case, requested supplemental briefing directed to the patentability of the Comiskey subject matter under 35 U.S.C. § 101 – a possible ground for rejection not relied on by the Examiner or the Board. The court ultimately rejected many of the claims of the application on this ground.

Pursuant to 35 U.S.C. § 101, patentable subject matter is defined as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." An invention falling outside these categories is simply not patentable. For example, the Supreme Court has consistently carved out abstract ideas as one specific type of subject matter that is not patentable. However, it is sometimes difficult to distinguish between a patentable "process" and an unpatentable "abstract idea."

In *Comiskey*, the Federal Circuit clarified what makes an abstract idea unpatentable. If an abstract idea has "no claimed practical application, it is not patentable." And, an abstract idea with a practical application will only be patentable if it "involves another class of statutory subject matter." The Supreme Court has recognized only two instances when this latter requirement is met: (1) when the abstract idea is a process that is tied to a particular apparatus or (2) when the process changes some material into a different state or thing. For example, if a process involving a mathematical algorithm uses a computer, the process may be patentable because it is tied to a specific apparatus.

In *Comiskey*, the Federal Circuit found most of the patent claims unpatentable because they were not tied to a particular apparatus: "the application of human intelligence to the solution of practical problems is not in and of itself patentable." Other claims reciting the use of "modules" or the selection of an arbitrator from a database were found to be patentable subject matter, and the court remanded for a determination of whether these claims are obvious. The court went further and noted that the "routine addition of modern electronics to an otherwise unpatentable invention typically creates a prima facie case of obviousness."

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The Nuijten patent application claimed, among other things, a signal with embedded supplemental data that could be used to prevent unauthorized copying. The Federal Circuit found the signal claims unpatentable under 35 U.S.C. § 101. The court found that the claims directed to the signals themselves include "physical but transitory forms of signal transmission," and held that "such transitory embodiments are not directed to statutory subject matter." The court defined each class of statutory subject matter under 35 U.S.C. § 101, then analyzed whether the signals fit within the definitions. In each instance, the signals failed to meet the definitions.

However, the Nuijten claims reciting (1) a process for adding low distortion, supplemental information to a signal, (2) a device that performs that process, and (3) a medium for storing the resulting signals, had already been found patentable and were not the subject of the appeal.

In short, these two decisions demonstrate the Federal Circuit's push to enforce the scope of patentable subject matter. At least one other important case addressing the scope of patentable subject matter – *ex parte Bilski*, which claims a method for hedging risks on commodity sales – is also before the Federal Circuit. That case is likely to provide even more clarity on the scope of patentable subject matter.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum may be directed to any of the following:

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