



Armatus

Technology & Intellectual Property Update



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U.S. Supreme Court to Weigh In on the Future of Business Method and Software Patents

On June 1, 2009, the U.S. Supreme Court granted *certiorari* to review the “machine or transformation test” recently established by the Federal Circuit Court of Appeals decision in *In re Bilski*. To put it mildly, these are interesting times for companies whose business plan includes making significant investments in the research and development of business methods and the software that implements these methods.

Prior to the Federal Circuit’s 1998 *State Street Bank* decision there was a generally understood court-created exception blocking business methods from patentability — which essentially required those seeking patent protection to take the awkward step of claiming the medium on which the instructions were stored or the machines that implemented these instructions. *State Street* did away with the so-called “business method exception,” which in-turn opened the flood gates to patents on subject matter that the U.S. Patent and Trademark Office had not previously considered. Admittedly, plenty of bad patents were granted.

Fast forward 20 years to *Bilski*, in which the Federal Circuit, although expressly reaffirming that there is no such thing as a general business method exception, created a new test, which looks a lot like the pre-*State Street* case law. This test holds that a process is patentable if “(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.” Left unresolved by the *Bilski* decision is whether a software process operating on a

general purpose computer is considered to be tied to a “particular machine or apparatus.” If a general purpose computer is not a “particular machine,” and several Board of Patent Appeals decisions indicate that it is not, then many software claims could be invalid.

Many speculate that the U.S. Supreme Court has taken up the *Bilski* case in order to once again reverse the Federal Circuit’s attempt to create mechanical, one-size-fits-all legal tests. This is precisely what the Supreme Court did in the 2007 *KSR vs. Teleflex* decision by reversing the Federal Circuit’s rigid application of a test for combining multiple prior art references in obviousness determinations.

One potential outcome is that the Supreme Court could scrap the Federal Circuit’s statutory subject matter test in *Bilski*, making novelty and obviousness, per *KSR*, the main gate keepers for the patentability of business methods and software. Subject matter would revert back to the low threshold established by the express language of the patent statute, excluding from patentability only “laws of nature, physical phenomena, and abstract ideas.” Interesting times indeed.

If you have any questions, please contact Gregory J. Krabacher at 614.227.2369 or gkrabacher@bricker.com.

Armatus is the Latin word for “armor.” This newsletter addresses intellectual property issues and suggests ways to protect your intellectual property.

Additional Bricker News

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B&E Participates in 2009 Innovation Summit

On May 14, Bricker & Eckler's Technology & Intellectual Property Protection Group was a sponsor at this year's TechColumbus Innovation Summit, a networking and informational event for leaders in the technology and innovation fields.

Bricker was pleased to host the luncheon portion of the event and introduce the luncheon speaker. Alex Brown, the group's chair, was given the opportunity to introduce Bryan Pearce, a partner with Ernst and Young who is the Americas Director for the firm's Venture Capital Advisory Group. His talk focused on venture capital issues and opportunities throughout Ohio.

Bricker & Eckler thanks TechColumbus for the opportunity to be a part of the worthwhile event and salutes the leaders who understand that Columbus is a great place to work in technology.

Bricker & Eckler Attorney Presents at National Conference

Joe Dreitler spoke at the International Trademark Association's Annual Meeting in Seattle

Bricker & Eckler Partner Joe Dreitler presented a session on trademark ethics at the INTA Annual Meeting in Seattle on Tuesday, May 19. The well-received presentation titled "Trademark Ethics 201 — Investigate this! Is it legal? Is it ethical?" addressed the potential ethical and legal issues facing U.S. trademark practitioners when using investigators in the United States and abroad.

For more information about his presentation or with questions on his trademark and intellectual property practice, contact Joe at jdreitler@bricker.com or by phone at 614-227-2343.

Bricker & Eckler Hosts Free Software Seminar

Attendees learned Cost-Effective Strategies for Protecting & Challenging Software Innovation

On April 22, Bricker & Eckler's Technology & Intellectual Property Protection Group hosted a free software seminar. Attendees learned cost-effective strategies for dealing with software in this new regulatory environment and learned how to effectively protect their own innovation through strong and enforceable patents, copyrights, trade secrets and licenses.

If you or another member of your organization were unable to attend the seminar but would like more information on how you can protect or challenge software innovation, please contact one of the speakers:

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Bricker Attorneys Present at Event for Bloggers

Bricker attorneys Alex Brown and Vlad Belo delivered a speech on May 16 entitled "Legal Issues of Blogging" at WordCamp, a seminar geared towards users of WordPress blogging software. Vlad focused on the employment law implications of blogging, while Alex discussed blogging issues pertaining to copyright, trade secrets, trademark and other legal pitfalls of blogging.

For more information about their presentations or with questions on what your organization should consider if writing a blog, contact Alex at abrown@bricker.com or Vlad at vbelo@bricker.com.