

In The
Supreme Court of the United States

BERNARD L. BILSKI and RAND A. WARSAW,
Petitioners,

v.

JOHN J. DOLL, ACTING UNDER
SECRETARY OF COMMERCE FOR
INTELLECTUAL PROPERTY AND ACTING
DIRECTOR, PATENT AND TRADEMARK OFFICE,
Respondent.

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit**

**BRIEF OF ACCENTURE AND
PITNEY BOWES INC. AS *AMICI CURIAE*
IN SUPPORT OF PETITIONERS**

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INTEREST OF THE *AMICI CURIAE*¹

Accenture² is one of the world's leading management consulting, technology services, and outsourcing organizations, serving 96 of the Fortune Global 100 and more than three quarters of the Fortune Global 500. Accenture has clients in over 120 countries.

Accenture collaborates with clients to help them become high-performance businesses. This strategy builds on Accenture's expertise in consulting, technology and outsourcing to help clients create sustainable value for their customers and shareholders. Accenture employs more than 186,000 people in 52 countries, and generated net revenues of more than \$23 billion for the fiscal year ended August 31, 2008.

Accenture is committed to developing leading-edge ideas. Accenture Technology Labs uses new and emerging technologies to develop business solutions that are designed to drive growth for Accenture's

¹ In accordance with Supreme Court Rule 37, Accenture and Pitney Bowes state that this brief was not authored, in whole or in part by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amici curiae* or their counsel.

² "Accenture" refers to the Accenture group of companies including Accenture LLP, an Illinois limited liability partnership, doing business on behalf of Accenture within the United States, and Accenture Global Services GmbH, a Switzerland limited liability company, registered owner of many of Accenture's U.S. patents.

clients and enable them to be first to market with unique capabilities. In fiscal year 2008, Accenture spent at least \$390 million in research and development to help create, commercialize, and disseminate innovative business strategies and technology.

Accenture's innovation has resulted in over 360 issued U.S. patents and more than 600 pending U.S. patent applications. Many of the patents and patent applications in Accenture's portfolio are directed to methods for managing or improving a wide variety of business processes within various industrial and organizational settings.

For example, Accenture has developed and implemented supply chain systems that manage transportation logistics for moving products from manufacturing sites to retail stores. In the huge and growing industry of business process outsourcing, Accenture has automated management reporting methods for outsourced business operations. Accenture also has integrated telecommunications services for cable, telephone and the Internet, all operating together with enhanced capabilities and convenience.

These innovations are not exhaustive, but they demonstrate that Accenture is not in the business of promoting abstract ideas. Each and every one of these processes and hundreds of others operate in the real world and provide economic value and business advantages to Accenture and Accenture's clients.

Pitney Bowes Inc. has joined Accenture in this *amicus* brief to encourage the Court to take up this matter and correct a grave mistake of law. Pitney Bowes is a Fortune 500 technology company that delivers service and innovation to more than two million customers worldwide by managing the flow of information, mail, documents, and packages. Pitney Bowes has consistently been an innovation and technology leader, with its patent portfolio dating back over a hundred years.

Now, Pitney Bowes employs about thirty-five thousand people worldwide with annual revenues of approximately \$6.3 billion. Since 1976, Pitney Bowes has been issued over 2500 U.S. patents and currently has almost 600 pending U.S. patent applications. Pitney Bowes' diverse patent portfolio includes various hardware and software implemented technologies, but a significant portion of its portfolio concerns methods for managing and improving business operations.

Accenture and Pitney Bowes have no interest in any party to this litigation or stake in the outcome of this case, other than their joint desire for a correct interpretation and application of the United States Patent Laws.

In accordance with Supreme Court Rule 37, counsel for the *amici curiae* provided timely notice to and obtained written consent to the filing of this brief

from counsel of record for the parties. The letters of consent have been filed with the Clerk of the Court.



SUMMARY OF THE ARGUMENT

The Federal Circuit majority's decision in *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), ignores the plain meaning of this Court's precedent and imposes an exclusive and unduly rigid rule for patent eligibility. This Court has denounced such rigid rules. The Court's precedent rings clear not only in the context of patent eligibility, but also in recent decisions addressing other issues of patent law.

Despite repeated counsel from this Court to avoid unduly rigid tests, the Federal Circuit majority disregarded the flexible approach to patent eligibility used in *Gottschalk v. Benson*, 409 U.S. 63 (1972), *Parker v. Flook*, 437 U.S. 584 (1978), and *Diamond v. Diehr*, 450 U.S. 175 (1981). Indeed, the Federal Circuit in *Bilski* struck down an analysis that has worked for more than a century, regardless of the technology. In its place, the Federal Circuit imposed a single, exclusive, and unbending "machine-or-transformation" test for process patent eligibility. This inflexible test violates this Court's precedent, ignores Congressional intent, arbitrarily limits the available scope of patentable processes, and anchors the standard for patent eligibility in the Machine Age of the early 20th century.

The effect of the Federal Circuit’s *en banc* decision in *Bilski* is immediate and sweeping, directly impacting current and future patent rights. It unnecessarily ties the process category of 35 U.S.C. § 101 to one of the other categories of that section, such as the “machine” or “manufacture” category. The Court should grant *certiorari* to correct the Federal Circuit’s error and to restore process patent eligibility under section 101 to the flexible standard established by this Court before the *Bilski* decision.



INTRODUCTION

The framers of our Constitution understood the importance of rewarding inventors, for limited times, for their creative endeavors. Congress therefore implemented a plan for protecting the rights of the inventor and promoting the advance of the useful arts by broadly drafting the patent statute without technological exclusions, ready to embrace yet unknown innovations.

For more than a century the Court has applied the patent statute using a flexible and broad subject matter analysis to accommodate incredible, sweeping, and unforeseen advances in technology. Without that subject matter flexibility, many of the inventions that made the United States the technology leader of the world would never have been discovered or would have been hidden from the public with no incentive for revelation or commercialization.

Sadly, in its *en banc Bilski* decision, the Federal Circuit took a monumental step backwards. Misinterpreting this Court's precedent, the Federal Circuit rigidly proclaimed that the one test for determining patentable subject matter for process claims requires either a "machine" or a "transformation" from one physical state to another.

Yet, the statute, which always has been broadly construed, requires no such structural limitation. Nor do the cases construing the statute require or even imply any type of rigid rule to determine patent eligible subject matter. Indeed, the cases counsel a more flexible approach. So, in this age when our innovations often transcend "machines" and depend more on the creative and innovative use of information, it is almost inconceivable that the new test for determining patent eligibility harkens back to an age when our primary technology involved manipulating physical things. That era has long ended.

Anchoring the sole test for patentability in a bygone era of primitive physical technology is wreaking havoc with pending applications and issued patents for inventions of an entirely different type. As technology moves from the recognized to the unknown, innovation should be no less protectable under the time-tested mandates of the Constitution than it was in previous eras.

Bilski presents the proper vehicle to set patentable subject matter back on track because: (1) this *en banc* Federal Circuit decision is contrary in logic

and theme to this Court's precedent; (2) it turns the settled expectations of the invention community upside down; (3) its effects are already being measurably felt in rejections at the Patent and Trademark Office ("PTO"); (4) it threatens the validity of existing process patents issued under this Court's long-standing and more flexible standard for patent eligibility; and (5) maintaining the *Bilski* rule may discourage inventors from pursuing patents for their valuable new processes.

The PTO, district courts, and the Federal Circuit are now aggressively applying the rigid machine-or-transformation test, causing immediate and irreparable harm. Accenture, Pitney Bowes, and the rest of the inventing community cannot afford to wait for some other, distant section 101 case to correct the Federal Circuit's error.



DISCUSSION

I. THE FEDERAL CIRCUIT'S *BILSKI* TEST IS UNDULY RIGID AND CONTRARY TO THIS COURT'S INSTRUCTION

The Federal Circuit's pronouncement of the "machine-or-transformation" test as the sole test for process patent eligibility defies the patent statute and this Court's interpretation of section 101. The *Bilski* majority now has taken the Court's flexible approach to section 101 and boiled it down to a single, rigid mantra. As the sole means to determine patent

eligibility for process claims, this test finds no basis in the statute. The machine-or-transformation test harkens back to the early 20th century, its words reminiscent of the “Machine Age,” when steel mills, automobile plants, and skyscrapers were in their heyday.³ Never before has a test for patent eligibility reflected a particular age of history, much less a bygone era.

A. The Court Has Denounced Rigid Rules in Patent Cases in Favor of More Flexible Approaches

Throughout its patent law decisions, this Court has favored flexible, common-sense approaches over rigid, unbending rules. Patent eligibility under section 101 is no exception. Section 101 broadly defines the scope of patent eligible subject matter:

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.

35 U.S.C. § 101. Subject to a few specific exceptions, the Court has interpreted section 101 broadly to encompass new and unexpected categories of invention.

³ See RICHARD GUY WILSON ET AL., *THE MACHINE AGE IN AMERICA 1918-1941* 25 (1986).

The few exceptions are a matter of common sense. The Court has excluded laws of nature, natural phenomena, and abstract ideas from patent protection. *Diehr*, 450 U.S. at 185. These limited exclusions have roots extending back at least as far as *LeRoy v. Tatham*, 55 U.S. (14 How.) 156, 175 (1852). The reason for such limited exclusions is simple: the patent system must not grant exclusive rights in such fundamental principles, which by their nature cannot be owned or controlled by any person or entity. *Id.* For example, the Court has refused to permit a patent claim that would “wholly preempt” the use of a mathematical formula. *Benson*, 409 U.S. at 71-72.

In *Benson*, this Court introduced the machine-or-transformation test as a “clue” to patent eligibility. *Id.* at 70. At the same time, the Court explicitly declined to establish this test as the one and only path to process patent eligibility. *Id.* at 71. The focus for exclusion remained, as it has been for more than a century before *Benson*, on whether the claim was directed to one of the specific categories of ineligible subject matter under 35 U.S.C. § 101. *Id.* at 71-72.

The Court rejected the claims in *Benson*, as in *Flook*, because they were directed to abstract mathematical formulas. *Id.*; *Flook*, 437 U.S. at 594. By contrast, the applicant in *Diehr* did not seek to patent or preempt one of the few ineligible categories. 450 U.S. at 187. The majority in *Diehr* considered the machine-or-transformation test, and it included *Benson*’s “clue” quote, *id.* at 184, but its

focus remained on the categorical exceptions to patent eligible subject matter. *Id.* at 185-92.

The last two sections of the *Diehr* majority opinion describe the true limits on patent eligibility:

This Court has undoubtedly recognized limits to § 101 and every discovery is not embraced within the statutory terms. Excluded from such patent protection are laws of nature, natural phenomena, and abstract ideas. “An idea of itself is not patentable.” “A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.”

Id. at 185 (internal citations omitted).

The majority further noted that the Court’s holdings in *Benson* and *Flook* “stand for no more than these long-established principles.” *Id.* Addressing each of the *Benson* and *Flook* decisions in detail, the *Diehr* majority explained why the claims in those cases were not patent eligible. In each case, the applicant sought to patent a mathematical formula, which, “like a law of nature, . . . cannot be the subject of a patent.” *Id.* at 185-86. The issue was not one of machines or transformation, but of preemption.

These cases weave a common thread that patent eligibility does not extend to certain fundamental principles, including abstract ideas, laws of nature, and mathematical formulas. They also reflect the Court’s understanding that the section 101 analysis

for a process patent requires a flexible approach. For example, the claim in *Diehr* recited a mathematical formula. Section 101 therefore required an “inquiry . . . into whether the claim is seeking patent protection for that formula in the abstract.” *Id.* at 191. The Court made similar inquiries in *Benson* and *Flook*.

In the 28 years since *Diehr*, this Court has not revisited section 101. Yet, the Court’s recent decisions on other patent issues maintain the same preference for flexible, common-sense analyses over unbending, bright-line rules. Rigid rules may be easier to apply, but this Court has repeatedly rejected such shortcuts in patent cases.

The Court emphasized the importance of the flexible approach to patent law in *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). The Federal Circuit had adopted a rigid interpretation of obviousness under 35 U.S.C. § 103. This Court rejected the Federal Circuit’s rigid “teaching, suggestion or motivation (TSM)” test as the sole test for obviousness. *Id.* at 407, 415. The unanimous Court explained that section 103 “must not be confined within a test or formulation too constrained to serve its purpose.” *Id.* at 427.

In another recent case, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002), the Court rejected the Federal Circuit’s “complete bar test,” an unbending approach to the doctrine of prosecution history estoppel. Again speaking unanimously, the Court cautioned, “we have consistently applied the doctrine in a flexible way, not a rigid one.” *Id.* at 738.

In its most recent decision of patent law, the Court rejected an inflexible rule excluding method claims from the doctrine of patent exhaustion. *Quanta Computer, Inc. v. LG Elecs., Inc.*, 128 S. Ct. 2109 (2008). The unanimous Court noted, “[o]ur precedents do not differentiate transactions involving embodiments of patented methods or processes from those involving patented apparatuses or materials.” *Id.* at 2117. The Federal Circuit had erred by rigidly limiting patent exhaustion to apparatus claims. *Id.* at 2117-18. This Court concluded that the patent exhaustion analysis for a process claim depends on the facts of the particular case, just as it does for an apparatus claim. *Id.* at 2118.

As in *Quanta*, the Federal Circuit’s decision in *Bilski* to treat process claims differently from apparatus claims improperly restricts the broad scope of patent eligibility established in section 101.

B. *Bilski* Departs from the Court’s Flexible Approach to Section 101 and Imposes an Exclusive, Rigid Rule

The Federal Circuit’s new interpretation of section 101 directly conflicts with this Court’s controlling decisions. This Court has never held up the machine-or-transformation test as the sole standard of process patent eligibility. *Bilski* is yet another example of the Federal Circuit departing from this

Court's established, flexible approach in favor of a rigid, bright-line rule.

In reaching its decision, the Federal Circuit *Bilski* majority relied heavily on its interpretation of *Benson*, *Flook*, and *Diehr*. Indeed, this Court considered the machine-or-transformation test in each of these three cases. The Federal Circuit's mistake, however, was adopting this as the *only* test for process patent eligibility. This Court's opinions reveal that the machine-or-transformation test is only one example of how a process may satisfy section 101. Rather than dictating one particular rigid and age-anchored test, the Court's section 101 decisions have established the flexible patent eligibility analysis that adapts to new and innovative technologies.

The majority in *Bilski* quotes a passage from *Benson* in which this Court referred to the machine-or-transformation test as "the clue" to patent eligibility: "[t]ransformation and reduction of an article 'to a different state or thing' is the clue to the patentability of a process claim that does not include particular machines." *Bilski*, 545 F.3d at 979 (quoting *Benson*, 409 U.S. at 70). Taken in isolation, this statement might appear to support the Federal Circuit's interpretation. However, likely anticipating future innovation that no one could predict, this Court rejected the Federal Circuit's interpretation a few paragraphs later in the *Benson* opinion:

It is argued that a process patent must either be tied to a particular machine or

apparatus or must operate to change articles or materials to a “different state or thing.” *We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents.*

409 U.S. at 71. (emphasis added).

The crucial question in *Benson* was not one of machine-or-transformation, but one of preempting a fundamental and patent ineligible category of subject matter. The claim at issue failed to satisfy section 101, not because it failed a rigid machine-or-transformation test, but because it would have “wholly pre-empted” a mathematical formula. *Id.* at 72. Hence, *Benson* does not support the Federal Circuit’s new interpretation of the machine-or-transformation test as the *only* way for a process claim to satisfy section 101.

Nor did the Court in *Flook* establish the machine-or-transformation test as the touchstone of patent eligibility. Indeed, the *Flook* Court began by noting that “[t]he line between a patentable ‘process’ and an unpatentable ‘principle’ is not always clear. Both are ‘conception[s] of the mind, seen only by [their] effects when being executed or performed.’” 437 U.S. at 589 (quoting *Tilghman v. Proctor*, 102 U.S. 707, 728 (1880)). This statement hardly supports the exclusive and inflexible rule the Federal Circuit has now imposed.

The *Bilski* majority focuses on one particular sentence in a footnote of the *Flook* opinion: “[a]n

argument can be made [that the Supreme] Court has only recognized a process as within the statutory definition when it either was tied to a particular apparatus or operated to change materials to a ‘different state or thing.’” *Bilski*, 545 F.3d at 979-80 (quoting *Flook*, 437 U.S. at 539 n.9). Again, taken in isolation, this statement might appear to support the Federal Circuit’s interpretation. However, this Court squarely rejected that interpretation in the next sentence: “[a]s in *Benson*, we assume that a valid process patent may issue even if it does not meet one of these qualifications of our earlier precedents.” *Flook*, 437 U.S. at 539 n.9.

The second sentence of *Flook*’s footnote 9 illustrates the flexibility in this Court’s approach to section 101. The analysis is not permanently anchored in the industrial age or limited to a rigid machine-or-transformation test. However, the *Bilski* majority opinion fails to properly account for this critical aspect of the *Flook* decision.

In its analysis of *Diehr*, the Federal Circuit again focused too narrowly on the machine-or-transformation test as “the clue” to patent eligibility. *Bilski*, 545 F.3d at 956 (quoting *Diehr*, 450 U.S. at 184). In doing so, the Federal Circuit missed the broader, flexible approach that the majority applied in *Diehr* – the same approach the Court had used in *Benson* and *Flook*.

The majority in *Diehr* described the machine-or-transformation test, not as *the* test for patent eligibility, but as one *example* of such a test:

when a claim containing a mathematical formula implements or applies that formula in a structure or process which, when considered as a whole, is performing a function which the patent laws were designed to protect (*e.g., transforming or reducing an article to a different state or thing*), then the claim satisfies the requirements of § 101.

Diehr, 450 U.S. at 192 (emphasis added). The “*e.g.*” in this passage (short for “*exempli gratia*,” or “for example”) demonstrates that the machine-or-transformation test is just an example, not the exclusive test.

The remainder of the *Diehr* opinion reaffirms this distinction. If the machine-or-transformation test had been the touchstone of patent eligibility, the majority could have ended its opinion after section II. *See Diehr*, 450 U.S. at 184. Instead, the *Diehr* majority continued with sections III and IV, analyzing the claim in detail to determine whether it satisfied section 101 or whether it improperly preempted a mathematical formula. *Id.* at 185-92.

None of this Court’s decisions have turned on a rigid application of the machine-or-transformation test. Indeed, this test may have guided the Court in *Benson* and *Diehr*, but the Court has never adopted it as the one and only standard for process patent

eligibility. The Federal Circuit’s decision to do so now is contrary to this Court’s precedent and turns the clock back on the U.S. patent system by a century, where it will remain under *Bilski*.⁴

It is perhaps surprising that the Federal Circuit would adopt a rigid interpretation of section 101 at this particular time. Only two years ago, in *KSR*, this Court rejected the Federal Circuit’s rigid interpretation of a related provision in the patent statute. Just as it had reduced section 103 to the bright-line “teaching, suggestion, or motivation” test in *KSR*, the Federal Circuit has reduced section 101 to the rigid machine-or-transformation test. Like the TSM test, the machine-or-transformation test is “too constrained to serve its purpose.” *KSR*, 550 U.S. at 427.

⁴ The Federal Circuit’s jurisprudential view of this Court’s decisions is both curious and disturbing. The Federal Circuit noted that this Court was “equivocal” in the *Benson* and *Flook* decisions, when the Court expressly declined to hold that no process could ever be patentable without satisfying the machine-or-transformation test. *Bilski*, 545 F.3d at 956. The Federal Circuit reasoned, “this caveat was *not repeated* in *Diehr* when the Court reaffirmed the machine-or-transformation test.” *Id.* (emphasis in original). By this logic, the Federal Circuit essentially asserts that the Court must repeat every caveat in every subsequent opinion, lest lower courts interpret the Court’s silence as overruling its previous decisions. This analysis is contrary to logic and common sense, and it also ignores this Court’s use of the “*e.g.*” signal in *Diehr*, which was consistent with the express holdings and flexible approach of *Benson* and *Flook*.

The machine-or-transformation test forecloses patent protection for broad categories of cutting edge innovation. The modern software, financial, and life science industries, among others, all rely on process patents to protect their investment in research and development. These 21st century processes frequently employ useful, specific applications of general principles, and yet do not directly involve “specific machines” or transform an “article” from one state to another. Inventors in these fields therefore risk losing existing and future patent rights if *Bilski’s* machine-or-transformation test stands.

The loss of patent rights that could result from *Bilski* is particularly acute because it represents such a dramatic change from previous section 101 standards. Whole categories of claims that the PTO issued under the old standards now face new scrutiny under the machine-or-transformation test.

When the Federal Circuit adopted the “absolute bar test” for the doctrine of equivalents and prosecution history estoppel, this Court rejected the bright-line test: “we have consistently applied the doctrine in a flexible way, not a rigid one.” *Festo*, 535 U.S. at 738. The same was true of process patent eligibility under section 101 – until *Bilski* imposed a rigid and exclusive machine-or-transformation test. The Federal Circuit has once again ignored the guidance of *Warner-Jenkinson v. Hilton Davis Chemical Co.*, 520 U.S. 17, 28 (1997), “which instructed that courts must be cautious before adopting changes that disrupt the

settled expectations of the inventing community.” *Festo*, 535 U.S. at 739.

None of this Court’s decisions supports the Federal Circuit’s new interpretation of section 101. Rather than following this Court’s guidance, the Federal Circuit’s *Bilski* opinion has defied controlling precedent. In the face of not only the *Benson*, *Flook*, and *Diehr* decisions, but also the Court’s more recent rejections of narrow rules in *KSR* and *Festo*, the Federal Circuit in *Bilski* adopted yet another rigid rule.

C. *Bilski* Ignores Recent Congressional Action that Embraced the Flexible Approach to Section 101

The Federal Circuit’s decision to require a rigid machine-or-transformation test also ignores the clear intent of Congress regarding the breadth of patentability, as indicated in the patent laws by 35 U.S.C. § 273. Congress enacted section 273 in 1999 to limit liability for infringement of a business method patent by a prior inventor. The effect of the statute was to reign in potentially unfair enforcement of business method patents that issued due to a lack of relevant prior art at the PTO. However, the statute explicitly recognizes the eligibility of business methods for patent protection. *See* 35 U.S.C. §§ 273(a)(3), 273(b)(1). The majority opinion in *Bilski* makes no mention of this Congressional action, let alone wrestles with its implications.

More important for purposes of the present petition, Congress acknowledged and embraced the “useful, concrete, and tangible result” test, which the Federal Circuit had adopted in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998). The Federal Circuit molded this test to include eligible subject matter under section 101 and to exclude the limited and established categories of ineligible subject matter, such as mathematical formulas. *See id.* at 1373. The test was intended to mirror this Court’s long-standing flexible approach to patent eligible subject matter. *Id.* (“Unpatentable mathematical algorithms are identifiable by showing they are merely abstract ideas constituting disembodied concepts or truths that are not ‘useful.’ From a practical standpoint, this means that to be patentable an algorithm must be applied in a ‘useful’ way.”). At that time, the Federal Circuit noted that “[i]t is improper to read limitations into § 101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations.” *Id.*

When it enacted section 273, Congress embraced this flexible approach, describing the “useful, concrete, and tangible result” test as the “essential question” of patent eligibility. H.R. CONF. REP. NO. 106-464, at 122 (1999) (“[a]s the Court [in *State Street Bank*] noted, the reference to the business method exception had been improperly applied to a wide variety of processes, blurring the essential

question of whether the invention produced a ‘useful, concrete, and tangible result’”). It is ironic that the Federal Circuit has now departed from this test, less than ten years after crafting it to mirror this Court’s precedent. In doing so, the Federal Circuit not only abolished its own test and departed from this Court’s precedent; it also disregarded Congressional approval of the flexible approach.⁵

II. THIS CASE IS THE PROPER VEHICLE TO CORRECT THE FEDERAL CIRCUIT’S ERROR AND TO RETURN THE SECTION 101 STANDARD TO A MORE FLEXIBLE APPROACH

This case presents a unique opportunity for the Court to address the standard of process patent eligibility under section 101. Given the procedural posture of *Bilski* and the widespread and immediate

⁵ Indeed, Congress clearly embraced a variety of patentable methods and processes, many of which would fail the new machine-or-transformation test:

In order to protect inventors and to encourage proper disclosure, this subtitle focuses on methods for doing and conducting business, including methods used with internal commercial operations as well as those used in connection with the sale or transfer of useful end results – whether in the form of physical products, or in the form of services, *or in the form of some other useful results; for example, results produced through the manipulation of data or other inputs to produce a useful result.*

H.R. CONF. REP. NO. 106-464, at 122 (emphasis added).

impact of the Federal Circuit's *en banc* decision, the Court should grant *certiorari* in this case.

It may be argued that *certiorari* should be denied here on the ground that the Bilski claims are quite broad and possibly even unduly abstract. One might then counsel the Court to wait for a disputed patent with narrower patent claims. This argument, if made, would miss the whole point of what is at stake here.

Now is the time for the Court to correct the Federal Circuit's erroneous adoption of the rigid machine-or-transformation test – now, at the time the error is made, and before even more damage occurs. *See Festo*, 535 U.S. at 728, 738 (immediately granting *certiorari* to correct the Federal Circuit's then-new bright-line “complete bar” rule on prosecution history estoppel). After rejecting the Federal Circuit's rigid subject matter test, the Court might remand this case for further consideration under the proper, more flexible standard. Or, applying the proper standard itself, the Court might even conclude that the Bilski claims still do not satisfy section 101. Whatever the disposition of the Bilski claims, the more important issue for the entire patent community is for the Court to correct the serious legal error in the Federal Circuit's decision.⁶

The Federal Circuit's *Bilski* decision is affecting patent rights on a daily basis. Accenture and Pitney

⁶ Whether the Bilski claims are patentable at the end of examination is, of course, irrelevant for purposes of identifying the correct process patent eligibility standard.

Bowes, like many other companies in today's economy, depend on patents to protect their investment in technology. This includes not only software and computer network applications, but also the application of management and industrial engineering principles to the organization of businesses, non-profit groups, and the public sector.⁷

Accenture owns over 360 issued U.S. patents; Pitney Bowes has over 2500. Some of these patents include process claims that might be attacked in light of the holding of *Bilski*. The new *Bilski* standard for process patent eligibility may raise questions about the validity of these previously issued patents and may put some of them or certain of their claims at risk.

Also, Accenture and Pitney Bowes are each pursuing more than 600 pending patent applications at the PTO. In some of these applications, Accenture and Pitney Bowes face section 101 rejections based exclusively on the machine-or-transformation test.

Since *Bilski*, the PTO has continued to reject claims for failure to satisfy the exclusive machine-or-transformation test. Only the PTO knows how many applications examiners have rejected based on this test. However, recent decisions of the Board of Patent Appeals and Interferences indicate that the frequency

⁷ *Bilski* also is being felt in the life sciences arena, where certain Federal Circuit cases were held pending the *Bilski* decision. At least six parties have filed *amicus* briefs in *Prometheus Lab. v. Mayo Collaborative*, No. 08-1403 (Fed. Cir.) since the *Bilski* decision issued, and briefing is not complete.

of section 101 rejections is increasing dramatically and will only continue to increase in the near future. The Board already has cited *Bilski* in at least twenty decisions, rejecting or remanding claims based on the machine-or-transformation test in all but one. The Board also has begun expanding the machine-or-transformation test beyond process claims to reject system claims. *See, e.g., Ex parte Atkin*, 2009 WL 247868, No. 2008-4352, slip op. at *6-7 (B.P.A.I. Jan. 30, 2009) (rejecting system claims 9-13 and 15 as patent ineligible subject matter under *Bilski*.) Similarly, the Board recently rejected claims in an Intel patent application under the machine-or-transformation test even though the claims recited steps performed by a processor. *Ex parte Cornea-Hasegan*, 2009 WL 86725, No. 2008-4742, slip op. at *4 (B.P.A.I. Jan. 13, 2009).

To further understand the importance and gravity of the issues involved, it is also helpful to consider the pedigree of the *Bilski* case itself. From the outset, the Federal Circuit ordered the case to be heard *en banc* – even before the original panel issued a decision. Petition App. at 144a. Before the *en banc* hearing, the Federal Circuit received thirty-eight *amicus* briefs. The *amici* represented views from all corners of the patent community, including individual and corporate patent owners, professors, and various bar and industry associations.

In its decision, the Federal Circuit was far from unanimous, illustrating the variety of views within the court itself. Circuit Judges Newman, Rader, and

Mayer each filed dissenting opinions disagreeing with parts of the majority opinion. Perhaps recognizing the controversial and divisive nature of its decision, the *Bilski* majority invited this Court to further review the section 101 standard for process patent eligibility. *Bilski*, 545 F.3d at 956 (“Thus, we recognize that the Supreme Court may ultimately decide to alter or perhaps even set aside this test to accommodate emerging technologies.”).

The Court should accept the Federal Circuit’s invitation and take this opportunity to correct the Federal Circuit’s error and return the section 101 process patent eligibility standard to a more modern and flexible approach that will continue adapting to new technology and crucial developments in the useful arts.



CONCLUSION

For the foregoing reasons, Accenture and Pitney Bowes respectfully request that the Court grant *certiorari* to restore the Court's flexible approach to patent eligible subject matter and to preserve broad access to the U.S. patent system.

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