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Kratz, Quintos & Hanson, LLP – IP Newsletter

New Explanation of Patentability Requirements by the United States Court of Appeals for the Federal Circuit

By Darren Crew

Chief Judge Rader and the United States Court of Appeals for the Federal Circuit have provided a new and helpful explanation of patentable subject matter, elaborating on the "abstract idea" exception discussed by the Supreme Court of the United States in *Bilski v. Kappos*, 130 S.Ct. 3218 (2010). This new explanation of patent-eligible subject matter has been provided in *Research Corporation Technologies, Inc. v. Microsoft Corporation*, 627 F.3d 859 (Fed. Cir. 2010).

In one of the most highly anticipated recent patent decisions, *Bilski v. Kappos*, the Supreme Court addressed the patent eligibility of processes under 35 U.S.C. §101. Prior to that decision, the Federal Circuit had heavily relied on the "machine-or-transformation" test in order to identify whether a process was eligible to be patentable subject matter.

In *Bilski*, the Supreme Court held that the Federal Circuit's "machine-or-transformation" test was not the exclusive test to be used to identify whether a process constituted patent-eligible subject matter under 35 U.S.C. §101.

"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 therefore, subject to the conditions and requirements of this title." 35 U.S.C. §101. The Supreme Court indicated that "laws of nature, physical phenomena, and abstract ideas" are the only exceptions to patentable subject matter under 35 U.S.C. §101. However, the majority opinion of the Supreme Court in the *Bilski* decision did not provide adequate information which could serve to conclusively explain whether a process constituted patentable subject matter.

In *Research Corporation Technologies, Inc. v. Microsoft Corporation*, Chief Judge Rader and the Federal Circuit have followed the Supreme Court's decision in *Bilski* regarding patentable subject matter, and also have provided information in interpreting the "abstract idea" exception to the patentability requirements.

Research Corporation Technologies (RCT) initiated a lawsuit against Microsoft alleging infringement of patents for processes relating to digital image halftoning technologies. Those technologies enable computer displays and printers to render an image using fewer colors or shades of gray than are used in the original. In this case, the subject matter is a "process" for rendering a halftone image. The process does not fall under the exceptions relating to laws of nature or natural phenomena, and therefore the Federal Circuit focused on the "abstract idea"

exception, in order to determine whether the claimed processes are eligible to be patentable subject matter.

The Federal Circuit concluded that the claimed processes at issue were eligible to be patentable subject matter. The claimed processes were held to be not abstract ideas. Even though the Federal Circuit indicated that algorithms and formulas are "a significant part of the claimed combination," it was held that they do not cause the claimed combination to be abstract.

Importantly, the Federal Circuit noted that the "invention presents functional and palpable applications in the field of computer technology." The Federal Circuit further indicated that some claims require physical elements. Additionally, the Federal Circuit stated that "inventions with specific applications or improvements to technologies in the marketplace are not likely to be so abstract that they override the statutory language and framework of the Patent Act." The Federal Circuit observed that the patentees here do not seek to patent a mathematical formula, but instead "seek patent protection for a process of halftoning in computer applications."

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***Our People*:**

- We are pleased to announce that Ms. Laura Chung, an associate in our Washington, D.C. office, recently received her Master of Science (M.S.) degree in Biomedical Science from Georgetown University, and is expected to receive her Master of Law (LL.M.) degree from Georgetown University Law School in 2012. Ms. Chung holds a Bachelor of Arts (B.A.) degree with distinction in Chemistry with a minor in Computer Science from University of Virginia from 2003, and a Juris Doctor (J.D.) degree from George Mason University Law School from 2006. Ms. Chung is currently licensed to practice before the Virginia and Washington, D.C. bars, and registered to practice before the U.S. Patent and Trademark Office. Ms. Chung has been practicing patent law since 2006.

- Also, we are pleased to announce that Mr. Craig Watson will be joining our Washington, D.C. office as law clerk. Mr. Watson has a Bachelor of Science (B.S.) degree in Computer Engineering from Northwestern University, and is expected to receive his J.D. degree from The George Washington University Law School in 2012. Mr. Watson is currently registered to practice before the U.S. Patent and Trademark Office.

Washington D.C. Office:
4th Floor
1420 K Street, N.W.
Washington, DC 20005
U.S.A
Tel: 202.659.2930
Fax: 202.887.0357
www.kqhpatentlaw.com

Tokyo Liaison Office:
Tokyo Banker's Club Building
15th Floor
1-3-1 Marunouchi, Chiyoda-ku
Tokyo 100-0005
JAPAN
Tel: 03.3216.7200
Fax: 03.3216.7210

Pittsburgh Office:
Greater Beneficial Union of
Pittsburgh Building, Suite 308
4232 Brownsville Road
Pittsburgh, PA 15227
U.S.A.
Tel: 412.881.8450
Fax: 412.881.8570