

Comiskey Revisited: Section 101 as Gatekeeper for Patentability Requirements?

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*"When I use a word," Humpty-Dumpty said, "it means
just what I choose it to mean -
neither more nor less."*

Charles Lutwidge Dodgson ("Lewis Carroll") [1832-1898]

(I) Introduction

Like Humpty-Dumpty, we patent lawyers would hope that our words would mean to others what we want them to mean to ourselves. Certainly we like to think we know what "patentable subject matter" means to us. However, the phrase risks confusion among non-patent people who may tend to construe "patentable subject matter" as "subject matter that is patentable" and, thus, deserving of a patent. The mere possibility, nay probability, that the phrase might be construed in this fashion poses a risk that some influential non-patent lawyers, such as, for example, Justices of the Supreme Court, could themselves become confused. Such confusion is not a good thing for our patent system.

At last year's JPP seminar¹, we discussed the role that Section 101 of the Patent Act of 1952 (herein "the '52 Act") plays in determining what is, and what is not, a patentable claim. Its proper role is as a threshold consideration that must, of necessity, be considered before moving on to the other requirements for patentability, namely those contained in Sections 112, 102 and 103 of the '52 Act. If, and only if, the claim passes muster under Section 101, then other considerations come into play, setting the stage for determining whether the claim passes muster from a disclosure standpoint, and from the standpoint of novelty and unobviousness. Accordingly, Section 101's proper role is that of "gatekeeper" that must be considered before the other patentability requirements.

Today it is fitting that we revisit *Comiskey*² in view of the fact that in January of this year the Federal Circuit revisited the case³, albeit for a limited purpose. We'll also review *In re*

¹ See generally Carlson, Dale L., "Patent Law 101 for Prophets: *Comiskey*, *Bilski* and the *Wild Blue Yonder*", 24th Annual Joint Patent Practice Seminar, 239-244 (April 30, 2008).

² 499 F.3d 1365 (Fed. Cir. 2007).

³ No. 2006-1286 (Fed. Cir. Jan 13, 2009). See Order granting rehearing en banc for the limited purpose of authorizing the panel to revise its opinion of *In Re Comiskey*, No. 2006-1286 (Fed. Cir. Jan 13, 2009).

*Ferguson*⁴, a post-*En Banc Bilksi*⁵ Federal Circuit decision handed down last month. Taken together *Comiskey* and *Ferguson* offer insight regarding the Federal Circuit's current perspective as to "process", "system" and "paradigm" claims.

(II) Rethinking the Common Sense of *Comiskey*

The authors believe that Judge Dyk generally got it right in the original Opinion he wrote in *Comiskey* on behalf of himself, Chief Judge Michel, and Judge Prost. In that Opinion, Judge Dyk set out a reasonable line of demarcation between nonstatutory abstract ideas, as opposed to ideas tied or grounded in some fashion to the real world as a basis for passing muster as statutory subject matter under Section 101. Claims⁶ relating to a method of mandatory arbitration that were not properly grounded to the real world were held to not pass muster under Section 101.

On the other hand, claims⁷ combining arbitration "mental process" methodology with the utilization of a machine, such as a general purpose computer, were held in the original Opinion

⁴ No. 2007-1232 (Fed. Cir. March 6, 2009).

⁵ 545 F. 3d 943 (Fed. Cir. 2008).

⁶ Illustratively, claim 1 reads as follows:

1. A method for mandatory arbitration resolution regarding one or more unilateral documents comprising the steps of:

enabling a person to enroll or register himself or herself and his or her one or more unilateral documents in a mandatory arbitration system;

providing language for insertion in the unilateral document wherein the arbitration language provides that any challenge to the unilateral document is to be presented to the mandatory arbitration system for binding arbitration;

enabling a complainant to submit a request for arbitration resolution;

conducting arbitration resolution;

providing support to the arbitration; and

determining an award or a decision that is final and binding.

⁷ Illustratively, claim 17 reads as follows:

17. A system for mandatory arbitration resolution regarding one or more unilateral documents comprising:

a registration module for enrolling or registering the person who is executing and the one or more unilateral documents in a mandatory arbitration system;

an arbitration database for storing arbitration language for insertion in the unilateral document wherein the arbitration language provides that any challenge to the unilateral document must be presented to the mandatory arbitration system for binding arbitration and for providing this arbitration language to the enrolling person;

an arbitration resolution module for enabling a complainant to submit a request for arbitration resolution; and

a means for selecting an arbitrator from an arbitrator database to conduct an arbitration resolution, for providing support to the arbitrator, and where the arbitrator determines an award or a decision that is final and binding.

to pass muster under Section 101. These claims were then remanded to the Patent and Trademark Office (“PTO”) for consideration as to obviousness under Section 103.

By way of cautionary comment for the remand in the original Opinion, the Court observed that the “routine addition of modern electronics to an otherwise unpatentable invention typically creates a *prima facie* case of obviousness.” Nonetheless, in the context of revisiting the original Opinion in the context of a Request for a Hearing *En Banc*, the Federal Circuit appears to have been concerned about the propriety of “blending” Section 101 statutory subject matter considerations with Section 103 obviousness considerations that is apparent in this quoted statement.

In other words, process claims of an invention that are held to be unpatentable for failing to relate to statutory subject matter under Section 101 should provide no basis for a Section 103 obviousness, or Section 102 lack of novelty, inference with respect to machine claims of the same invention that, but for the recitation of the machine, would not provide statutory subject matter under Section 101. Moreover, a ruling that the process claims do not pass scrutiny under Section 101 should offer no basis for an inference that those claims lack novelty under Section 102 or are obvious under Section 103. Further, there should be no implication that any aspect of an invention that is determined to be nonstatutory for purposes of Section 101 is, by virtue of that determination, also lacking in other patentability requirements imposed by Sections 102, 103 and 112.

The Federal Circuit granted the Hearing *En Banc* solely for the limited purpose of “authorizing” the original panel to issue a revised Opinion that *inter alia* does not contain the above-quoted statement from the original Opinion. Paralleling the original Opinion, in the revised Opinion the method claims were held to constitute unpatentable subject matter under Section 101. However, in contrast to the original Opinion, the system claims were remanded to the PTO, not for consideration under Section 103, but rather for consideration under Section 101.

Query: If the PTO properly perceives Section 101 to be a “threshold consideration” as mandated by *Bilski*, then doesn’t the fact that the system claims did not stand rejected under Section 101 for purposes of the appeal imply that the PTO had previously determined that those claims were statutory under Section 101? Nonetheless, perhaps the gatekeeper function of Section 101 is best served by documenting that it has been incorporated into the patent application examination process. Such documentation would mandate that the Section 101 determination be expressly stated in the PTO’s Office Action for each case. That would presumably obviate the need for future remands to the PTO on this issue.

In any event, the revised *Comiskey* Opinion’s remand to the Patent Office puts in abeyance, at least for the time being, the King Solomon-esque split regarding claims that pass muster under Section 101, and those that do not, which appeared to be part-and-parcel of the original Opinion. This hiatus appears needed, however, since it is important for the integrity of our patent system that the line of demarcation between Sections 101 and 103 does not become blurred; otherwise, the result of such blurring might be the exclusion of whole fields of endeavor

from the patenting possibility in the first instance.⁸ Moreover, any such blurring would run counter to the Federal Circuit's explicit recognition in its Opinion *En Banc* in *Bilski* that Section 101 stands sentry as a "threshold consideration", thus implicitly confirming that section's gatekeeper role that is a prelude to, and is not supplemented or supplanted by, consideration of the other patentability requirements under Sections 112, 102 and 103.

The remand in *Comiskey* makes it reasonably likely that the Federal Circuit won't again consider this case until after the Supreme Court rules on a Petition for Certiorari in *Bilski*. Thus, if the Supreme Court ultimately decides to grant cert. in both cases, they'd likely be heard *seriatim*. In the interim, the Federal Circuit's newly-issued Opinion in *Ferguson* affords some additional guidance.

(III) Divining a Bright Line from *Ferguson*

The patent application in *Ferguson* involves claims⁹ relating to methods and marketing "paradigms" for bringing products to market. The method claims were rejected by the PTO as

⁸ See generally Footnote 1 *supra* at 242 stating that "Footnote 5 at page 16 of the PTO's Supplemental Brief for the Hearing *En Banc* in *Bilski* is particularly problematic. It suggests that an 'advance over the prior art' [read 'invention'] that 'involves only an advance in a field of endeavor such as law (as in *Comiskey*), marketing, or other liberal (as opposed to 'useful') arts' might not pass muster under Section 101. That footnote [5] appears to improperly blend aspects of Section 101 with those of Section 103. Further, the footnote slyly labels inventions in fields like marketing and law as belonging to the "liberal arts", and thus outside of the realm of the "useful arts" that are amenable to patent protection. Stamping the "liberal arts" moniker on these fields might have the practical effect of causing the fields to be perceived by the unwary largely as fanciful creations, idle curiosities, or merely inventions of passing academic interest, rather than as real-world advances having value to patent-holders and would-be patent infringers alike."

⁹ Claim 1, which is representative of method claims, reads as follows:

1. A method of marketing a product, comprising:

developing a shared marketing force, said shared marketing force including at least marketing channels, which enable marketing a number of related products;

using said shared marketing force to market a plurality of different products that are made by a plurality of different autonomous producing company, so that different autonomous companies, having different ownerships, respectively produce said related products;

obtaining a share of total profits from each of said plurality of different autonomous producing companies in return for said using; and

obtaining an exclusive right to market each of said plurality of products in return for said using.

Claim 24, which is representative of paradigm claims, reads as follows:

24. A paradigm for marketing software, comprising:

a marketing company that markets software from a plurality of different independent and autonomous software companies, and carries out and pays for operations associated with marketing of software for all of said different independent and autonomous software companies,

failing to pass muster under Section 101 because they dismissed those claims as being directed to an “abstract idea”. As to the paradigms claims, the PTO determined that those claims do not fall under any of the categories of statutory subject matter, and therefore concluded that those claims do not pass muster under Section 101. The Federal Circuit affirmed.

In the *Ferguson* Opinion, the Court opined that the machine-or-transformation test is the “sole,’ ‘definitive,’ ‘applicable,’ ‘governing,’ and ‘proper’ test for a process claim under Section 101.” To arrive at this conclusion, the court stated that the machine-or-transformation test is that of the Supreme Court. Then the Court went out of its way to “clarify” that *Bilski* had rejected the “useful, concrete, and tangible result” test of *State Street Bank*¹⁰.

It appears that the Federal Circuit is trying to draw a bright line test guiding the legal community and the public at large as to what is patent-eligible subject matter under Section 101. Aside from whether such an effort will really result in a bright line, the Supreme Court cases, as well as the legislative history of ’52 Act itself, do not seem to support mandating an overly-restrictive approach to addressing Section 101.

As the Supreme Court made it clear in *Chakrabarty*,¹¹ “Congress intended statutory subject matter to include anything made under the sun that is made by man.” Although the broad statutory language is subject to judicially created exclusions such as laws of nature, natural phenomena, and abstract ideas (ala *Diamond v. Diehr*¹²), the Supreme Court nowhere opines or specifically suggests that the machine-or-transformation test is the singular test for patent-eligible subject matter for process claims under Section 101. To the contrary, in *Gottschalk v. Benson*, the Supreme Court explicitly states that “we do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents,” as a qualification of their position 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 of thing.”

Given the fact that many modern technologies have arisen from advances in communications and computing, the rather rigid approach spelled out in the *Ferguson* case will undoubtedly create uncertainty as to the patentability of numerous new technologies, as well as uncertainty regarding the validity of many patents that have already been granted, as alluded to in Judge Newman’s concurring Opinion in *Ferguson*.

In the event that the *Ferguson* claims are reconsidered in a Rehearing *En Banc*, it is possible that, rather than insisting that the machine-or-transformation test is the sole test for process claims, the Federal Circuit might entertain the new test proposed by the Appellant, namely a test to determine whether “the claimed subject matter require[s] that the product or process has more than a scintilla of interaction with the real world in a specific way.” The

in return for a contingent share of a total income stream from marketing of the software from all of said software companies, while allowing all of said software companies to retain their autonomy.

¹⁰ 149 F.3d 1368 (Fed. Cir. 1998).

¹¹ 447 U.S. at 309 (quoting S. Rep. No. 1979, 82nd Cong., 2d Sess., 5 (1952).

¹² 450 U.S. 175 (1981).

authors believe that statement in the *Ferguson* Opinion that the proposed test “begs the question [as to] whether even the most abstract of ideas and natural of phenomena interact with the real world” misses the merit of having a test that has flexibility and helps insure that claimed subject matter possesses real world “tethering”. In many respects, this proposed test is analogous to the line of demarcation set out by Judge Dyk in the original *Comiskey* Opinion, namely checking to see if the claimed invention possesses sufficient real-world linkage of what otherwise might be perceived as abstract ideas as a basis for determining whether the claims pass muster as statutory subject matter under Section 101. Such a review echoes the idea/expression dichotomy propounded by the Supreme Court in *Baker v. Selden*¹³ more than a century ago, albeit in a copyright context.

Unfortunately for the paradigm claims in *Ferguson*, the sole apparent linkage between the abstract idea and the real-world is via a “marketing company.” Because of the amorphous nature of this linkage, it is questionable whether those paradigm claims will pass muster under Section 101, even if a real-world tethering test is employed.

(IV) Beyond Words: A View Through the Looking-Glass

As we discussed at last year’s JPP seminar, if recent Supreme Court Opinions in other patent matters, such as *Ebay*¹⁴ and *KSR*¹⁵, afford any semblance of insight as to future rulings, there is reason to believe that the currently-constituted Supreme Court may not properly understand the distinction to be had between what is patentable subject matter under Section 101, and what is patentable subject matter under Section 103, and the fact that an invention can pass muster under both criteria and still not be a patentable invention under, for example, Section 112. The High Court also may not appreciate the fact that Section 101 and 103 need to be considered in a specific sequence, not at the same time or in combination. A worst-case scenario is that the High Court might, wittingly or not, blur the distinction between these two sections altogether, a result that would work to the detriment of patent law and the public alike.

The Federal Circuit’s revised Opinion in *Comiskey* will hopefully help insure that the line of demarcation among the various statutory requirements for patentability will be preserved, thus minimizing the probability that the High Court will blur the distinctions that must be made among those requirements to safeguard our patent system.

On the other hand, the “bright line” test propounded for process claims in *Ferguson* and *Bilski* appears overly-restrictive from the standpoint of accommodating new technologies, and risks calling into question the validity of a plethora of previously-granted patents.

Ultimately, the wisdom of *State Street*, to the extent that at least a portion of that wisdom continues to be viable, will be measured by empirical evidence that evaluates the public gain afforded by the proliferation of business methods patents reflecting new innovations in such diverse fields as internet technology, banking transactions, and even creative tax-planning

¹³ 101 U.S. 99 (1879).

¹⁴ 547 U.S. 388 (2006).

¹⁵ 550 U.S. 398 (2007).

methodologies. That public gain needs to be measured against the competitive inconvenience suffered by would-be, and actual, infringers of the patents that materialize in these fields.

To the author's knowledge, adequate empirical studies have still not surfaced yet. When they do, the studies may conclude that the public benefit derived from access to the innovations by means of the patent publications, innovations that would otherwise presumably be locked away as trade secrets, outweighs the inconvenience suffered by infringers of the patents. Even the infringers may be found to have greatly benefited by being afforded access to their competitors' innovations.

Until the empirical studies are in, the authors continue to hope that the barrier set by Section 101 does not become unduly high. Although we recognize that a revised Opinion in *Comiskey* was necessary to insure that there is no blurring of the patentability requirements mandated by the patent statutes, we believe that the barrier height established *inter alia* by *State Street* and the original Opinion *Comiskey* appears sufficient to help our patent system to continue to foster innovation and creativity, while incentivizing access to the fruits of that innovation and creativity via patent publications. Protecting these incentive systems will help us preserve the best, and most admirable, aspects of our patent system in helping to drive our economy through the current economic down-cycle, and well beyond.