

U.S. Supreme Court Again Limits Business Method Patents

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The United States Supreme Court today unanimously reaffirmed that the mere implementation of an abstract idea in a computer is not sufficient to render it eligible for a patent.

The Court's decision in *Alice Corp. v. CLS Bank* concerned patents directed to a scheme for mitigating settlement risk in financial transactions. In contrast with the patent at issue in the 2010 *Bilski v. Kappos* case, the Alice patents included method, system and computer-readable medium claims, each of which recited elements of a computer.

In reaching its decision, the Court drew in part on its 2012 decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, which had set out a framework for determining whether claims are directed to patent-eligible subject matter. Under that framework, a court must first determine whether the patent claims are directed to a patent-ineligible concept, such as an abstract idea or a law of nature. If so, then the claim's elements must be considered both individually and "as an ordered combination" to determine if they provide "significantly more" that can "transform the nature of the claim" into a patent-eligible application.

In this case, the Court found that the claims were clearly directed to a patent-ineligible concept: the abstract idea of mitigating settlement risk. The additional features found in the method claims were found to be "purely conventional" and to require only a generic computer to perform generic computer functions. This was not sufficient to render the claimed subject matter patent-eligible. In particular, the Court noted that "stating an abstract idea while adding the words 'apply it with a computer'" is not enough to confer patent eligibility. The system claims and computer-readable medium claims were held to be "no different from the method claims in substance".

This decision is consistent with recent decisions, such as *Bilski v. Kappos* and *Mayo v. Prometheus*, which serve to rein in business method patents and some types of software patents.

As in those previous cases, the Court stopped short of ruling all computer-implemented inventions ineligible. The decision explicitly notes that method claims that "improve the functioning of the computer itself" or that "effect an improvement in any other technology or technical field" will still be patent-eligible. Such claims would presumably contain the "significantly more" that is needed.

Unfortunately, the Supreme Court did not provide a clear formula for identifying when there is "significantly more" than an abstract idea. Prospective patentees will need to consider these aspects of their inventions carefully, particularly with computer-implemented inventions.