

# Patent Law Alert

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## Board of Appeals Removes Any Question Regarding The Patentability Of Business Method Patents

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For those who doubted the patentability of business methods that do not require use of software or a computer, the Board of Patent Appeals and Interferences (BPAI) of the United States Patent and Trademark Office (PTO) recently issued an opinion clarifying that those methods of doing business are clearly patentable. *Ex parte Lundgren*, No. 2003-2088 (Bd. Pat. App. & Int. 2005). Prior to the decision, the PTO required that business method patents must “apply, involve, use or advance the technological arts” relying upon the BPAI’s decision in *Ex parte Bowman*, 61 U.S.P.Q.2d 1669 (Bd. Pat. App. & Int. 2001). This requirement could be met by requiring that the invention be carried out on a computer. However, the Lundgren decision held that there is no judicially recognized “technological arts” test when determining whether a claimed invention is directed to patentable subject matter.

In recent years, the number of filings of business method patent applications increased dramatically. A business method may be defined as a method of operating any aspect of an economic enterprise. The increased rate of filing was a direct response to the U.S. Court of Appeals for the Federal Circuit’s landmark decision in *State Street Bank & Trust Co. v. Signature Fin. Group Inc.*, 149 F.3d 1368 (Fed. Cir. 1998), which held that methods of doing business were patentable and should be examined like any other patentable invention.

As patents began to issue in 2001 directed to business methods, the PTO received criticism from the technology community for granting too many

patents for what some characterized as “obvious” business methods. In general, for the PTO to grant a patent, the invention must be “non obvious” to one of ordinary skill in the relevant technical field. In response to the criticism, the PTO began to take a tougher position on whether to allow business method applications. That is, patent examiners began rejecting business method patent applications if the claimed process was not explicitly tied to a computer, on the theory that methods of doing business which a person could perform without the aid of a machine failed to meet a “technical arts” test. See *Bowman, infra*.

In *Lundgren*, the inventor, an economist, included patent claims directed to a method of compensating managers of companies to avoid industry collusion and price setting between companies. The method did not include computer software. The examiner rejected the claims for being “outside the technological arts” because they claimed an economic theory expressed as a mathematical algorithm and did not describe a “computer, automated means, [or] apparatus of any kind.” The BPAI reversed the examiner’s rejections, finding that “there is currently no judicially recognized separate ‘technological arts’ test to determine” whether a given invention or method is “patentable subject matter.” In the wake of this decision, the PTO just issued for its examiners Interim Guidelines that discuss *Lundgren*, and clearly state that U.S. patent law does not support a technological arts test. It should be noted that this places the U.S. patent



system at odds with the European patent system, among others.

In the new post-Lundgren environment, patent applicants can apply for patents directed to business methods that do not make use of a computer or software without fear of rejection on these grounds from the PTO. In addition, even for inventions that would typically employ a computer and/or software in commercial implementations, applicants can attempt to broaden the claimed scope of their patent applications by omitting language related to computers and software in the

claims of their patent applications. With this decision in mind, many companies should re-evaluate their business method patenting strategies and take a second look at their pending cases to determine whether to seek to broaden the scope of requested patent protection.

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