Client Alert

Intellectual Property Practice

ARMSTRONG TEASDALE LLP

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IN RE COMISKEY AND *IN RE NUIJTEN* (FED. CIR., SEPTEMBER 20, 2007)

In 1793, Congress identified four categories of subject matter eligible for patent protection. Those categories have persisted through centuries of technological advancement. In two opinions issued on the same day, the Federal Circuit attempts to reconcile modern-day innovations with the four categories, but ultimately determines that the innovations are not encompassed by any of the four categories. *In Re Comiskey* addresses the patentability of business methods that do not involve a machine such as a computer. *In Re Nuijten* considers the patentability of data stored in a non-tangible medium such as a signal. The opinions are summarized below.

In *In Re Stephen W. Comiskey,* the U.S. Court of Appeals for the Federal Circuit (CAFC) clarified the eligibility of a business method invention as statutory subject matter under 35 U.S.C. § 101. The CAFC held that a business method must be combined with a machine to produce patentable subject matter.

Inventor Stephen Comiskey filed a patent application directed to a business method for mandatory arbitration of challenges or complaints concerning legal documents. The application was rejected by the U.S. Patent and Trademark Office (USPTO) as being obvious in light of the prior art, and Comiskey appealed.

Sua sponte, the CAFC considered whether the invention was eligible for patent protection. Under existing U.S. patent laws, an invention must be within one of the following four categories of statutory subject matter: process, machine, manufacture, and composition. According to well-established case law, business methods are "subject to the same legal requirements for patentability as applied to any other process or method." *State Street Bank*, 149 F.3d at 1375. Those requirements exclude methods "that depend entirely on the use of mental processes" but include methods that combine mental processes with a machine such as a computer. *In Re Comiskey*.

In reviewing the claims in Comiskey's application, the CAFC held unpatentable the claims that recited only mental processes (e.g., did not require the use of a computer). The CAFC remanded the claims that included computers or communication devices to the USPTO for further consideration. To provide additional guidance, the CAFC noted that the "mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter."

For the full text of the CAFC's decision, see http://www.cafc.uscourts.gov/opinions/06-1286.pdf

In *In re Petrus A.C.M. Nuijten,* the CAFC considered whether or not a "signal" is patentable subject matter under 35 U.S.C. §101. The CAFC held that a fleeting and transitory signal, absent any physical carrier or medium storing or perpetuating the signal, is not patentable subject matter.

Nuijten's technology encodes a watermark into a signal such as a transitory electrical and electromagnetic signal propagating through some medium, such as wires, air, or a vacuum. The watermark enables, for example, publishers of sound and video recordings to identify illegitimate content to protect against unauthorized copying. The claims in Nuijten's patent application that are directed to the encoded signal itself were rejected by both the U.S. Patent and Trademark Office and the Board of Patent Appeals and Interferences. Nuijten then appealed to the CAFC.

In the opinion, the CAFC compared a signal to each of the four categories of statutory subject matter under 35 U.S.C. §101: process, machine, manufacture, and composition of matter. The CAFC concluded that a signal, standing alone, does not fall within any of the categories. The CAFC noted that "the claims are limited so as to require some physical carrier of information, [but] they do not in any way specify what carrier element is to be used." Additionally, the CAFC concluded that a signal was fleeting and that "such transitory embodiments are not directed to statutory subject matter."

In contrast, the CAFC noted that other claims in Nuijten's application that are directed to a storage medium storing the signal and to the process of generating the signal were found to be statutory subject matter by the USPTO, and did not consider those claims in the appeal.

For a full text of the CAFC's decision, see http://www.cafc.uscourts.gov/opinions/06-1371.pdf

As the courts continue to interpret the U.S. patent laws, it is becoming increasingly important to carefully draft claims that clearly fall within one of the four statutory categories of patentable subject matter.

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