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Kristin Wall

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Court Closes the Door on Inventors, Opens a Window for Business-Method Patents

By Kristin Wall

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On Monday the Supreme Court issued their long-awaited ruling on Bilski v. Kappos, overturning the lower court’s narrow test and allowing inventors to continue to patent business methods.

The justices unanimously decided against the appellants, two inventors seeking to patent a method for hedging weather-based risk in commodities trading, finding their claims too broad to be patentable.

Yet the Court was strongly divided on the more fundamental issue of business-method patentability. The majority invalidated the Federal Circuit’s “machine-or-transformation test,” whereby the method sought to be patented must: 1) be sufficiently tied to a machine, or 2) transform an article from one state to another. Believed by many to be overly stringent, this test would invalidate a significant portion of currently approved patents. The Court refused, however, to offer an alternative test for determining business-method patentability.

For those hoping to expand the scope of patentability, today’s ruling was a victory. Without any guidance or test for business-method patentability, the lower courts are left to fend for themselves in granting ownership of abstract methods.