



# Federal Circuit Patent Watch

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## In re Comiskey

No. 06-1286, Federal Circuit (Michel, Dyk, Prost)

***[The patent law] does not allow patents to be issued on particular business systems—such as a particular type of arbitration—that depend entirely on the use of mental processes.***

On September 20, 2007, the Federal Circuit, inter alia, affirmed the Board of Patent Appeals and Interferences decision that upheld the patent examiner's rejection of certain claims of U.S. patent application Serial No. 09/461,742, which related to a mandatory arbitration system involving legal documents, such as wills or contracts, as unpatentable subject matter under 35 U.S.C. § 101. The Federal Circuit stated:

It is well-established that “[t]he first door which must be opened on the difficult path to patentability is § 101.” Only if the requirements of § 101 are satisfied is the inventor “allowed to pass through to” the other requirements for patentability, such as novelty under § 102 and, of pertinence to this case, non-obviousness under § 103. . . . Comiskey’s application may be viewed as falling within the general category of “business method” patents. [B]usiness methods are “subject to the same legal requirements for patentability as applied to any other process or method.” . . .

“Abstract ideas” are one type of subject matter that the Supreme Court has consistently held fall beyond the broad reaches of patentable subject matter under § 101. “A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.” . . . The prohibition against the patenting of abstract ideas has two distinct (though related) aspects. First, when an abstract concept has no claimed practical application, it is not patentable. . . . Second, the abstract concept may have a practical application. [A] claim reciting an algorithm or abstract idea can state statutory subject matter only if, as employed in the process, it is embodied in, operates on, transforms, or otherwise involves another class of statutory subject matter, i.e., a machine, manufacture, or composition of matter. [O]nly two instances [exist] in which such a method may qualify as a section 101 process: when the process ‘either [1] was tied to a particular apparatus or [2] operated to change materials to a ‘different state or thing.’” . . . Thus, a claim that involves

both a mental process and one of the other categories of statutory subject matter (i.e., a machine, manufacture, or composition) may be patentable under § 101. . . . However, mental processes—or processes of human thinking—standing alone are not patentable even if they have practical application. The Supreme Court has stated that “[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” . . . Following the lead of the Supreme Court, this court and our predecessor court have refused to find processes patentable when they merely claimed a mental process standing alone and untied to another category of statutory subject matter even when a practical application was claimed. . . .

It is thus clear that the present statute does not allow patents to be issued on particular business systems—such as a particular type of arbitration—that depend entirely on the use of mental processes. In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone, a field of endeavor that both the framers and Congress intended to be beyond the reach of patentable subject matter. Thus, it is established that the application of human intelligence to the solution of practical problems is not in and of itself patentable. . . .

Comiskey has conceded that these claims do not require a machine, and these claims evidently do not describe a process of manufacture or a process for the alteration of a composition of matter. Comiskey’s independent claims 1 and 32 claim the mental process of resolving a legal dispute between two parties by the decision of a human arbitrator. They describe in essence “conducting arbitration resolution for [a] contested issue” and “determining an award or a decision for the contested issue” through a pre-determined “mandatory” arbitration system, and thus claim the use of mental processes to resolve a legal dispute. [Thus,] Comiskey’s independent claims 1 and 32 seek to patent the use of human intelligence in and of itself. Like the efforts to patent “a novel way of conducting auctions” which Schrader found to be directed to an abstract idea itself rather than a statutory category, Comiskey’s independent claims 1 and 32 describe an allegedly novel way of requiring and conducting arbitration and are unpatentable.

For more information on these issues or other intellectual property law matters, please contact **Lawrence M. Sung, Ph.D.** at [lsung@nixonpeabody.com](mailto:lsung@nixonpeabody.com) or 202-585-8221.

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