



Mesmer & Deleault, PLLC
41 Brook Street, Manchester, NH 03104
Seacoast Office: One New Hampshire Ave., Suite 125
Portsmouth, NH 03801

Happy Valentine's Day



"Tip of the Month"

Business Method Patents After *Alice Corp. v. CLS Bank Int'l*

A recent US Supreme Court decision made it much harder to patent computer-implemented business methods.

Although not the sole test, the US Supreme Court held in 2010 that the machine or transformation test ("MOT test") is a useful tool for determining whether some inventions are patent-eligible processes under the patent statute. The MOT test determines whether a method transforms an article from one thing or state to another or whether the method is tied to a particular machine. Transforming raw materials into a new compound is a straight-forward analysis, but what about transforming a signal or data? Business methods in the past have been able to rely on tying the method to a general-purpose computer.

In 2014, the Court in *Alice Corp. v. CLS Bank* changed the landscape. Now, a two-part test is applied. The first part of the test determines whether the claim is directed to a patent-ineligible concept (e.g., an abstract idea, law of nature, or mathematical calculation). If yes, the second part of the test looks for an inventive concept where steps in the method show something significantly more than the ineligible concept.

Applying this two-part test, the *Alice* Court invalidated four patents to a financial transaction using a computer. First, the Court found that the method claimed the abstract idea of showing an advertisement before delivering free streamed video. Second, the Court focused on the transformation prong of the MOT test to determine whether a combination of steps, processes, or calculations requiring a general purpose computer qualifies as a transformation. Without transformation, the method is not eligible for a patent.

The *Alice* Court ruled that the steps, whether viewed individually or as an ordered combination, fail to transform the nature of the claim into patent-eligible subject matter, reasoning that the claimed steps are no more than "well-understood, routine, conventional activity."

The Alice decision makes clear that a computer *is* recognized as a machine under § 101 of the patent act, but drafting a claim that ties an abstract idea to a generic computer is not enough to make it eligible for a patent. Patent applicants no longer may rely alone on performing a method on a generic computer to satisfy subject matter requirements.

To learn more about whether your invention is patentable, consult the patent attorneys at Mesmer & Deleault by calling (603) 668-1971 or sending an email to mailbox@biz-patlaw.com.

Frank B. Mesmer, Jr.
Robert R. Deleault
Ross K. Krutsinger
Joshua N. Mesmer
Steven H. Slovenski – *of Counsel*
0215



(603) 668-1971
Fax (603) 622-1445
E-mail: mailbox@biz-patlaw.com
Website: www.biz-patlaw.com