

Keywords: mental process; abstract idea; business method; subject matter; 35 U.S.C § 101

General: Mental processes, i.e., processes directed to abstract ideas that are not tied to specific machines and do not create or involve manufactures or compositions of matter, are not patentable under 35 U.S.C. § 101, even if they have a practical application.

In re Comiskey

499 F.3d 1365, 84 U.S.P.Q.2d 1670 (Fed. Cir. 2007)

Decided September 20, 2007

I. Facts

Comiskey filed a patent application (No. 09/461,742) that includes claims directed to a method and system for mandatory arbitration regarding legal documents, such as wills and contracts. More specifically, each of claims 1 and 32 of the application generally recites a method for mandatory arbitration that includes:

- 1) enrolling a person and a document in an arbitration system at the time the document is created and executed,
- 2) incorporating an arbitration agreement into the document,
- 3) submitting a complaint and a request for arbitration,
- 4) conducting arbitration and providing support to the arbitration resolution, and
- 5) determining an award/decision based on the contested issue.

Neither of claim 1 or claim 32 requires the use of a mechanical device, such as a computer.

Independent claims 17 and 46 of the application generally recite a system for mandatory arbitration resolution regarding one or more unilateral documents that includes:

- 1) a registration module to register a document,
- 2) an arbitration module incorporating, storing and providing arbitration language,
- 3) an arbitration resolution module that enables a complainant to submit a request for arbitration, and
- 4) a means for selecting an arbitrator from an arbitrator database and for providing support to the arbitrator, where the arbitrator determines a final and binding decision.

Four dependent claims (claim 15, 30, 44 and 58) explicitly require the use of a computer or other machine. Each of these claims state in full, “[t]he method[/system] of claim [1, 17, 32, or 46] wherein access to the mandatory arbitration is established through the Internet, intranet, World Wide Web, soft-ware applications, telephone, television, cable, video, [or radio], magnetic, electronic communication, or other communication means.”

Comiskey filed the patent application with the USPTO on December 16, 1999, and was issued a first office action rejection of the claims under 35 U.S.C. § 103(a). After continued rejections, Comiskey appealed to the Board. The Board concluded that claims were rendered obvious and affirmed the examiner’s rejections.

Comiskey appealed the decision of the Board to the Federal Circuit. At oral arguments, the Federal Circuit requested a supplemental brief directed at the patentability of the subject matter of the Application under 35 U.S.C. § 101. In his supplemental brief, Comiskey argued that the court lacked the power to consider a ground for rejection not relied on below. In other words, the court could not reject the application based on the patentability of the subject matter under § 101 because this was not the rejection relied on by the USPTO. Comiskey argued in the alternative that his application was patentable under § 101. The USPTO urged that the court consider the § 101 issue and argued that the independent claims were directed at an unpatentable abstract idea and not a patentable process because they were not tied to a machine nor operated to change materials to a different state or thing.

II. Issues

- A. Can the reviewing court decide a statutory ground of patentability never raised during the agency proceeding below?
- B. Are the claims statutory subject matter?

III. Discussion

- A. Yes, the court may consider the patentability of the claims under § 101. Relying on *Securities & Exchange Commission v. Chenery Corp.*, 318 U.S. 80 (1943), the court reiterated that the Supreme Court has made it clear that a reviewing court can (and should) affirm an agency decision on a legal ground not relied on by the agency if there is no issue of fact, policy, or agency expertise. The USPTO should be treated like other administrative agencies, and patent cases are subject to the same administrative law legal principles. It has been well established that whether claims are invalid for failure to claim statutory subject matter under 35 U.S.C. § 101 is a question of law which is reviewed without deference. Although there may be cases in which the legal question as to patentable subject matter may turn on factual issues, Comiskey had not identified any relevant fact issues that must be resolved in order to address the patentability of the subject matter of Comiskey's application. Accordingly, the court concluded that it would have been "wasteful" to send the case back for a determination as to patentable subject matter, and considered the question of patentability, including an analysis under § 101.
- B. Yes and No. The claims requiring the use of a machine are patentable subject matter under § 101. The court commented that the present application may be viewed as falling within the category of a business method patent. In light of this characterization, the court referred to the *State Street Bank*, 149 F.3d at 1377, decision, in which the Federal Circuit suggests that business method claims are subject to the same legal requirements for patentability as other processes or methods, and, thereby rejected the notion that there are separate "business method" and "mathematical algorithm" exceptions to section § 101. In light of this decision, the court suggested that the real question relates to whether or not the claims fall under an "abstract idea" (a type of subject matter that the Supreme Court has consistently held as falling beyond the reaches of patentable subject matter under § 101).

The court stated that the prohibition against patenting of abstract ideas has two distinct aspects:

- 1) When an abstract concept has no claimed practical application, it is not patentable.
- 2) An abstract concept having a practical application may or may not be patentable.

In regards to the first limitation, the court makes reference to non-patentable subject matter that did not produce a useful, concrete and tangible result or have some practical application. Examples include the conversion of binary-coded decimal numerals to pure binary numbers and a mathematical algorithm.

In discussing the potential for a method claim reciting an algorithm or abstract idea to state statutory subject matter, the court noted that the Supreme Court has recognized only two instances in which such a method may qualify as a § 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." However, mental processes—or processes of human thinking—standing alone are not patentable even if they have a practical application. The court noted that, per the lead of the Supreme Court, courts 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. Stated another way, a practical application alone is not enough. In a review of cases that

did not fall under statutory subject matter, the court noted that “[a] machine was not required...nor was there any indication that the process operated on a manufacture of composition of matter.” In other words, the patent statute does not allow patents on particular systems that depend for their operation on human intelligence alone.

Having laid the groundwork of the governing legal principles, the court turned to consideration of the present claims. In reviewing independent claims 1 and 32, the court noted that Comiskey conceded that the claims did 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. The court summarized that the claims describe “conducting arbitration resolution for [a] contested issue” and “determining an award or a decision for the contested issue” through a predetermined “mandatory” arbitration system and, thus, claim the use of mental processes to resolve a legal dispute. Accordingly, claims 1 and 32 “seek to patent the use of human intelligence in and of itself,” and are, therefore, unpatentable.

The court then turned to a review of independent claims 17 and 46. In their analysis, the court noted that the claims recited the use of “modules” and a “database.” Further, the court acknowledged that under the broadest reasonable interpretation, the claims could require the use of a computer as part of the arbitration system. Further, the court acknowledged the required use of a computer or machine in dependent claims 15, 30, 44 and 58, which include the limitation: “wherein access to the mandatory arbitration is established through the Internet, intranet, World Wide Web, software applications, telephone, television, cable, video [or radio], magnetic, electronic communication, or other communication means.” While the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter, the court noted that these claims, in combining the use of machines with a mental process, claim patentable subject matter.

In light of holding that the independent claims 17 and 46, and dependent claims 15, 30, 44, and 58, were patentable subject matter under § 101, the court also stated that the requirement of non-obviousness must still be met. Specifically, the court suggested the USPTO make the determination as to whether the addition of “general purpose computers” or “modern communication devices” to an otherwise unpatentable mental process would have been obvious, thereby implying that although the addition of a machine may make the subject matter patentable, it is unlikely to overcome the obviousness hurdle. The court remanded the determination of whether the claims are obvious under § 103 to the PTO.

IV. Conclusion

Mental processes, i.e., processes directed to abstract ideas that are not tied to specific machines and that do not create or involve manufactures or compositions of matter, are not patentable under 35 U.S.C. § 101, even if they have a practical application. In essence, the court has suggested that for a mental process to be patentable it must be tied to a machine (e.g., a computer) or involve a composition of matter or a manufacture. However, even if the subject matter is patentable under § 101, the claim is still subject to the requirements for novelty and non-obviousness.