# SUPREME COURT OF THE UNITED STATES

No. 08–964

BERNARD L. BILSKI AND RAND A. WARSAW, PETITIONERS *v.* DAVID J. KAPPOS, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

[June 28, 2010]

JUSTICE BREYER, with whom JUSTICE SCALIA joins as to Part II, concurring in the judgment.

I

I agree with JUSTICE STEVENS that a "general method of engaging in business transactions" is not a patentable "process" within the meaning of 35 U. S. C. §101. *Ante,* at 2 (STEVENS, J., concurring in judgment). This Court has never before held that so-called "business methods" are patentable, and, in my view, the text, history, and purposes of the Patent Act make clear that they are not. *Ante*, at 10–47. I would therefore decide this case on that ground, and I join JUSTICE STEVENS' opinion in full.

I write separately, however, in order to highlight the substantial *agreement* among many Members of the Court on many of the fundamental issues of patent law raised by this case. In light of the need for clarity and settled law in this highly technical area, I think it appropriate to do so.

II

In addition to the Court's unanimous agreement that the claims at issue here are unpatentable abstract ideas, it is my view that the following four points are consistent

with both the opinion of the Court and JUSTICE STEVENS' opinion concurring in the judgment:

*First,* although the text of §101 is broad, it is not without limit. See *ante*, at 4–5 (opinion of the Court); *ante,* at 10 (STEVENS, J., concurring in judgment). "[T]he underlying policy of the patent system [is] that 'the things which are worth to the public the embarrassment of an exclusive patent,' . . . must outweigh the restrictive effect of the limited patent monopoly." *Graham* v. *John Deere Co. of Kansas City*, 383 U. S. 1, 10–11 (1966) (quoting Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 6 Writings of Thomas Jefferson 181 (H. Washington ed.)). The Court has thus been careful in interpreting the Patent Act to "determine not only what is protected, but also what is free for all to use." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U. S. 141, 151 (1989). In particular, the Court has long held that "[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable" under §101, since allowing individuals to patent these fundamental principles would "wholly pre-empt" the public's access to the "basic tools of scientific and technological work." *Gottschalk* v. *Benson*, 409 U. S. 63, 67, 72 (1972); see also, *e.g., Diamond* v. *Diehr*, 450 U. S. 175, 185 (1981); *Diamond* v. *Chakrabarty*, 447 U. S. 303, 309 (1980).

*Second*, in a series of cases that extend back over a century, the Court has stated that "[t]ransformation and reduction of an article to a different state or thing is *the clue* to the patentability of a process claim that does not include particular machines." *Diehr*, *supra*, at 184 (emphasis added; internal quotation marks omitted); see also, *e.g., Benson*, *supra*, at 70; *Parker* v. *Flook*, 437 U. S. 584, 588, n. 9 (1978); *Cochrane* v. *Deener*, 94 U. S. 780, 788 (1877). Application of this test, the so-called "machine-or-transformation test," has thus repeatedly helped the Court to determine what is "a patentable 'process.'" *Flook*, *supra,*

at 589.

*Third*, while the machine-or-transformation test has always been a "useful and important clue," it has never been the "sole test" for determining patentability. *Ante,* at 8; see also *ante,* at 1 (STEVENS, J., concurring in judgment); *Benson*, *supra*, at 71 (rejecting the argument that "no process patent could ever qualify" for protection under §101 "if it did not meet the [machine-or-transformation] requirements"). Rather, the Court has emphasized that a process claim meets the requirements of §101 when, "considered as a whole," it "is performing a function which the patent laws were designed to protect (*e.g.*, transforming or reducing an article to a different state or thing)." *Diehr*, *supra,* at 192. The machine-or-transformation test is thus an *important example* of how a court can determine patentability under §101, but the Federal Circuit erred in this case by treating it as the *exclusive test*.

*Fourth*, although the machine-or-transformation test is not the only test for patentability, this by no means indicates that anything which produces a "'useful, concrete, and tangible result,'" *State Street Bank & Trust Co.* v. *Signature Financial Group, Inc.,* 149 F. 3d 1368, 1373 (CA Fed. 1998), is patentable. "[T]his Court has never made such a statement and, if taken literally, the statement would cover instances where this Court has held the contrary." *Laboratory Corp. of America Holdings* v. *Metabolite Laboratories*, *Inc.*, 548 U. S. 124, 136 (2006) (BREYER, J., dissenting from dismissal of certiorari as improvidently granted); see also, *e.g.*, *O'Reilly* v. *Morse*, 15 How. 62, 117 (1854); *Flook*, *supra*, at 590. Indeed, the introduction of the "useful, concrete, and tangible result" approach to patentability, associated with the Federal Circuit's *State Street* decision, preceded the granting of patents that "ranged from the somewhat ridiculous to the truly absurd." *In re Bilski*, 545 F. 3d 943, 1004 (CA Fed. 2008) (Mayer, J., dissenting) (citing patents on, *inter alia*, a

"method of training janitors to dust and vacuum using video displays," a "system for toilet reservations," and a "method of using color-coded bracelets to designate dating status in order to limit 'the embarrassment of rejection'"); see also Brief for Respondent 40–41, and n. 20 (listing dubious patents). To the extent that the Federal Circuit's decision in this case rejected that approach, nothing in today's decision should be taken as disapproving of that determination. See *ante*, at 16; *ante*, at 2, n. 1 (STEVENS, J., concurring in judgment).

In sum, it is my view that, in reemphasizing that the "machine-or-transformation" test is not necessarily the *sole* test of patentability, the Court intends neither to de-emphasize the test's usefulness nor to suggest that many patentable processes lie beyond its reach.

III

With these observations, I concur in the Court's judgment.