The Natural Law of Patents

SALES OF BILLION-DOLLAR PATENT PORTFOLIOS SEEM TO make headlines every other day. The patent market got a jolt last spring, however, when the U.S. Supreme Court decided a case that posed a fundamental question: What, exactly, is patentable? (*Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S.Ct. 1289 (2012).)

In *Prometheus*, the Court concluded that a patent's recitation of routine, conventional activity—such as administering a drug and then determining the level of the drug in the patient—did not rise to the level of an "inventive concept" that made the claim, as a whole, patent-eligible. (132 S.Ct. at 1294.) The justices specifically held that a process for determining drug dosages could not be patented because it failed to add sufficiently innovative steps to the underlying natural laws governing the relationship between the drug and its toxicity and effectiveness. The decision indicates that patent monopolies may not extend to many aspects of medicine and emerging biotechnology research. But whether the holding will similarly limit patentability in other technical fields remains to be seen.

Writing for a unanimous court, Justice Stephen Breyer began by noting a rule that has been on the books for more than 150 years: Laws of nature, natural phenomena, and abstract ideas are not patentable. (132 S.Ct. at 1293.) A corollary to this maxim is that when a patent claim focuses on a natural law, to survive legal scrutiny it must include enough other elements that the claim "amounts to significantly more than a patent upon the natural law itself." (132 S.Ct. at 1294 (quoting *Parker v. Flook*, 437 U.S. 584, 594 (1978).)

The justices clearly were sensitive to the impact patents can have on emerging research, noting that "monopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it." (132 S.Ct. at 1293.)

Counsel for patent holders seeking to minimize the impact of *Prometheus* can find solace in the Court's approval of *Diamond v. Diehr* (450 U.S. 175 (1981)), which involved a patent on a method for molding rubber. The central aspect of the claim in *Diehr* was a mathematical formula that was well known and therefore not patentable. The patent was upheld even though the claims added only conventional aspects of any rubber-curing process to the known formula. (See 450 U.S. at 187.) In hewing to the line drawn in *Diehr*, the *Prometheus* court seems to have approved a relatively low bar for litigants seeking to prove sufficient innovation to justify patent rights.

Yet the *Prometheus* court also relied on *Parker v. Flook* (cited above), involving a claim over an algorithm for calculating "alarm limits" in a catalytic converter. In that case, the Court found that adding to the algorithm elements of measuring parameters and then adjusting the catalytic converter to new values did *not* contribute enough beyond the algorithm itself to allow a patent monopoly over the process. (437 U.S. at 585–87.)

The recognition of these somewhat blurry lines in future cases presents opportunities for creative lawyering—particularly in patents for e-commerce and business methods, which often stray close to efforts to patent abstract ideas. Biotech innovations involving emerging discoveries in the natural world will also be affected.

Presaging *Prometheus*, for example, in 2010 the Court invalidated a patent on a formula for hedging financial instruments. (*Bilski v. Kappos*, 130 S.Ct. 3218 (2010).) And two months after *Prometheus*, the Court called into question an Internet advertising patent for little more than collecting ad revenue as part of distributing copyrighted content. (*WildTangent, Inc. v. Ultramercial, LLC*, 132 S.Ct. 2431 (2012).)

On the other hand, the Federal Circuit recently set a high bar for invalidating claims based upon patent eligibility, requiring that it be "manifestly evident that a claim is directed to a patent ineligible abstract idea." (*CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 685 F.3d 1341, 1352 (Fed. Cir. 2012).) The case is now set for en banc review.

In breathing life into the old saw that one cannot patent nature itself, the Supreme Court may have prompted patent litigators to reshape strategy. They must now be wary that patent claims occupying virtually any use of a law of nature and that impede future research in the field could prove invalid. The real impact of *Prometheus*—and perhaps the fate of all those billion-dollar patent portfolios—is up to the lower courts and inventive lawyers who will test its reach in future cases.

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