Joseph Matal and David McCombs in FedCircuitBlog: Online Symposium: Will the CBM Program Retire Too Early'

September 11, 2020 David McCombs

PRACTICES Intellectual Property

The Transitional Program for Covered Business Method ("CBM") Review will come to an end on September 16, 2020, after eight years. In our view, the CBM program's brief history is a cautionary tale about the costs that are imposed on the system when the Supreme Court delays in rectifying a mistake.

In 1998, the Federal Circuit issued its revolutionary decision in *State Street Bank & Trust Co. v. Signature Financial Group*. The Court held that patent-eligible subject matter extends to "anything under the sun made by man" and includes methods of conducting business.

This was a sharp break from history. The patent eligibility statute has remained substantively unchanged since the Patent Act of 1793, and for two centuries it was always understood to limit patentable subject matter to the "useful arts"—to what we would today call technology. During these centuries, the patenting of business methods was virtually unheard-of.

State Street led to a surge in the patenting of business methods and their assertion in the courts. The impact on the character and reach of patent litigation was dramatic. Suddenly, businesses that do not deal in technology, and that had never been the target of infringement suits before, found themselves being sued for the way that they structure their transactions, for conducting their business over the internet—and notoriously, even for how they pay their taxes. These claimed "inventions" were well outside the public's understanding of what the patent system is appropriately used for.

And the Supreme Court did—nothing. Eight years later, in *eBay v. MercExchange*, Justice Kennedy made passing reference to the "potential vagueness and suspect validity" of business method patents. It was not until the 2010 *Bilski* decision that the Court finally invalidated a business method patent as "abstract." And it was not until the *Alice* decision—issued 16 years after *State Street* was decided—that the Supreme Court made clear that business methods are not patentable, no matter how specific they are or whether they are implemented on a computer.

Excerpted from *FedCircuitBlog*. To read the full article, click here.