Nos. 08- 964.

In the
SUPREME COURT OF THE UNITED STATES
October Term 2008

BERNARD L. BILSKI AND RAND A. WARSAW
Petitioners,
v.

JOHN J. DOLL, ACTING UNDER SECRETARY
OF COMMERCE,
Respondent.

On a Writ of Certiorari to the United States
Court of Appeals for the Federal Circuit

BRIEF OF JOHN P. SUTTON AMICUS CURIAE SUPPORTING PETITIONERS

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QUESTION PRESENTED

Amicus curiae urges grant of the petition to address a different question:

Is the claimed commodity trading process:

(1) a useful art practiced by artisans who are to be encouraged in their work to promote progress in the useful arts by securing exclusive rights to their discoveries? or

(2) a commercial transaction not deserving of a government grant of exclusive right?

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INTRODUCTION

John P. Sutton respectfully submits this amicus brief in support of Petitioners to present the position that commodity trading is not a "useful art" that was contemplated to be promoted by the Constitution.

INTEREST OF THE AMICUS CURIAE[1]

John P. Sutton is a practicing patent lawyer. He began his patent career as an Examiner in the Patent Office in 1956. He briefed and argued for appellant the case of *In re Tarczy-Hornoch,* 397 F.2d 856 (C.C.P.A 1968),,. That case involved both a method of counting pulses and an apparatus for carrying out the method. The Patent Office rejected some of the method claims on the ground that the method was the "function of the apparatus," and not patentable subject matter. In *Tarcy-Hornoch*, he argued that 35 U.S.C. § 101 allows patents for processes as well as machines, and no Supreme Court case forbids claims to both in a patent. From 1901 to 1968, lower court decisions had prohibited both process and apparatus claims in a single application where the process was the operation of the machine. The CCPA agreed with appellant's argument and overruled the precedents barring process claims that define a "process or method of a mechanical nature, not absolutely dependent upon a machine, although perhaps best illustrated by mechanism, may, if new and useful, be the proper subject of a patent, even though it involves no chemical or other elemental action" 397 F.2d at 862–863.

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[1] Consistent with Rule 37.6, this brief is not authored in whole or in part by counsel for any party. No person other than amicus has made a monetary contribution to the preparation or submission of this brief. Petitioner has consented to all briefs *amicus curiae*.

SUMMARY OF ARGUMENT

The Bilski method is nothing more than commodity trading in an exchange, part of commerce, as carried out for millennia. It is not the work of an artisan having special knowledge and skill and deserving of a reward for promoting the progress of the useful arts. Congress may secure rights to inventors. Congress may also regulate commerce. The two are different.

Processes do work. "Art" is the work of an artisan. The work is not confined to the operation of a machine or chemical transformation to a different state or thing. Processes may be the application of a law or principle of nature, but the law or principle is not itself patentable subject matter.

The Court's precedents show that processes are not confined to the narrow examples held to be the "definitive test" by the Court of Appeals. The Court of Appeals has also ignored its own controlling precedent on what constitutes a patentable process.

The petition should be granted to clarify the law, but not to make commodity trading into patentable subject matter.

ARGUMENT

Petitioners, inventors of a "method of managing" risk were denied a patent on their process having three steps: (1) initiating transactions between a commodity provider (a middleman) and a consumer (buyer) of the commodity at a fixed rate based on historical averages; (2) identifying other market participants (sellers) having "a counter-risk position to said consumers" and (3) initiating transactions between the commodity provider (middleman) and "market participants" (sellers) at a second fixed rate in order to "balance the risk" for buyers and sellers. It works this way: one or more middlemen (presumably those authorized to use the process) hedges the risk of price fluctuation for both buyers and sellers by buying the commodity at a price the seller can live with and selling the commodity to a buyer at a price the buyer can live with. The middleman (or middlemen) can profit if the buyer pays more than the seller demands.

Commodity trading has been carried on in exchanges around the world throughout recorded history. An "exchange" is defined in Webster's' Third New International Dictionary (1968) as "1: the act of giving or taking one thing in return for another as if equivalent: as . . . b: the process of reciprocal transfer of ownership (as between persons): TRADE, BARTER . . . c: a mutual grant under the law of equal interests one being in consideration of the other."

The steps of initiating transactions with consumers of a commodity, identifying sellers of the commodity, and initiating transactions with sellers is not the work of an artisan.

The commodity example used by the Court of Appeals (at 949-50 ,) is: "coal power plants (i.e. the 'consumers') purchase coal to produce electricity and are averse to the risk of a spike in demand for coal since such a spike would increase the price and their costs. Conversely, coal mining companies (i.e. the 'market participants') are averse to the risk of a sudden drop in demand for coal since such a drop would reduce their sales and depress prices. The claimed method envisions an intermediary, the 'commodity provider,' that sells coal to the power plants at a fixed price, thus isolating the power plants from the possibility of a spike in demand increasing the price of coal above the fixed price. The same provider buys coal from mining companies at a second fixed price; thereby isolating the mining companies from the possibility of a drop in demand would lower prices below that fixed price."

In short, the invention uses the fundamental market goal: buy low; sell high. The Federal Circuit description is incomplete in reciting that "the same provider" is the middleman for both buyer and seller. In fact, when options are used, the "same provider" rarely deals with both buyer and seller. Any commodity trader can try to manipulate the market to advantage, buying or selling options, hoping that the selling price exceeds the purchase price. Nothing in the claim recites that the trader buys low and sells high, which is essential for the process to work in the intended manner. If the trader buys high and sells low, the process does not work as intended.

Another example of this invention, not disclosed in the Federal Circuit opinion, has been carried out with the commodity of home mortgages, which has resulted in the near collapse of the world economy in recent times. In the home mortgage embodiment, a lending institution makes a loan to a homebuyer, a "consumer" (perhaps having insufficient income to be able to afford the home). The lending institution assigns the loan to a packager of many home loans (middleman), who sells large numbers of packaged home loans as securities to buyers of highly rated securities all over the world. Instead of "the same provider" in the Bilski invention as described by the Court of Appeals, many middlemen are involved in the invention as practiced with home loans: insurers, bond traders, option traders, derivative salesmen, rating agencies, and others, each receiving a cut of the action. Congress has not chosen to regulate this commerce.

So long as the bubble continues to grow, everything is fine. But if the price paid by the middleman to the supplier (coal companies in the Federal Circuit example) exceeds the price the power companies are willing to pay, the middleman suffers (buys high and sells low), as short-sellers of petroleum commodities realized when a barrel of oil went from $147 per barrel to under $50.

A serious question arises as to whether manipulating markets is contemplated as among the "useful arts" in the patent law sense. The Constitution (U.S. Const. art. I, § 8, cl. 8) limits the discoveries that may be secured to inventors to those that promote progress in the "useful arts." According to the Oxford English Dictionary, "art" is a noun derived from Middle English meaning skill as the result of knowledge and practice, specifically, technical or professional skill in humans, as opposed to nature. What evidence is there that commodity trading is a "useful art"? Exchanges have existed since biblical times, seeking to buy low and sell high. Such commerce preceded patents for inventions by millennia, not merely by centuries.

When the former English colonies in America declared independence and formed a new government at the end of the Eighteenth Century, the idea of a reward for artisans promoting progress of the useful arts by disclosing their discoveries was so important to the development of the new country that framers of the Constitution, a supremely egalitarian document, recognized only two groups, authors and inventors, for special reward and recognition by securing rights not granted to any other persons.

The United States is the only country of the world providing for patent law in the Constitution to encourage the exertions of artisans that resulted in useful arts. The Constitution does not use the word "reward," but this Court made it pellucid that reward was the intent. *Grant v. Raymond,* 31 U.S. 218, 242 (1832): a patent "is the reward stipulated for the advantages derived by the public for the exertions of the individual, and is intended as a stimulus to those exertions."

Whatever example is used to describe the context in which the Bilski invention is used, it is simply a process of commercial transactions whereby a trader attempts to buy low and sell high to return a profit. It is a process of commerce, not "useful arts." Traders are not artisans practicing useful arts to promote progress. Rather, traders have no special knowledge or skill set to realize that buy low, sell high equals profit, and buy high and sell low equals loss. The claimed process specifies neither profit nor loss, raising doubt about its usefulness.

The difference between "useful arts" and "commerce" is illustrated by their Constitutional roots. Congress was given the power to promote the "useful arts" in article I, § 8, cl. 8. Commodity trading falls within "commerce with foreign Nations, and among the several States," the regulation of which was given to Congress in article I, § 8, cl. 3. If "commerce" were contemplated as a "useful art," the Constitution would have been written differently.

The verbs describing the three steps in Bilski's claim 1, "initiating" a first set of transactions with "consumers" (buyers), "identifying market participants" (sellers), and "initiating" transactions between traders and sellers, do not tell how the invention works. Nor do they specify how the provider can buy low and sell high simply by performing these three steps. These steps are not "useful art" under 35 U.S.C. §101. Rather they are an abstract idea, mathematical formula or product of nature, which is not patentable.

Hedging risk is not an invention "which may include anything under the sun that is made by man" (Testimony of Federico, hearings on H.R. 3760, 82d Cong. 1st Sess., 37 (1951), quoted in *Diamond v. Chakrabarty*, 447 U.S. 303, 309, n. 6 (1980). Rather, the cycle up and down of markets for commodities, for stocks, or for home mortgages is not made by man; it is a natural principle of commerce. If the trader buys high and sells low in the down cycle, his method is not "useful" and he may be wiped out.

A "commodity provider" is not an artisan. An artisan's work is his art. If the art is a "new and useful process," it may be patented (35 U.S.C. § 101). What art does the commodity provider practice? What work does the commodity trading method do? What does the method make or achieve? What is the application of the principle "buy low; sell high" defined by the Bilski "method"? Does Bilski deserve a patent for initiating transactions with buyers, identifying sellers, and initiating transactions between commodity providers and sellers when the process results in loss in a down market?

A market cycle is "no more than the discovery of some of the handiwork of nature and hence is not patentable" (*Funk Bros Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 131 (1948). "Handiwork" was used metaphorically there, since nature does not do work by hand, but the message of *Funk Bros.* is clear: selecting "mutually non-inhibitive strains of different species of bacteria of the genus Rhizobium" (claim 4 at 128, n. 1) is not patentable subject matter. Each of the species of bacteria "infects the same group of leguminous plants which it always infected. No species acquires a different use. The combination of species produces no new bacteria, no change in the six species of bacteria, and no enlargement of the range of their utility. Each species has the same effect it always had. The species perform in their natural way. Their use in combination does not improve in any way their natural functioning. They serve the ends nature originally provided and act quite independently of any effort of the patentee." This lengthy quote from *Funk Bros.* should govern the analysis of this case.

Funk Bros. involved both product claims and process claims (at 128, n.1, n.2), so the reluctance of the Court of Appeals to consider cases relating to "manufacture" in determining patentable subject

matter under § 101 is unfounded (545 F. 3d at 951, n. 3,). The important point is that "process" or "art" is the only category of patentable subject matter dealing with intangible steps in work, as contrasted to "machine, manufacture, or composition of matter," which are tangible things. Steps in a process are described by verbs, whereas elements of a machine, a manufacture, or a composition of matter are described with nouns. Nouns tell what the invention is; verbs tell what it does. What the invention does is how it works.

The *Funk Bros.* passage just quoted uses the verb "work" in the metaphor "handiwork of nature." The verbs "*infects*," "*acquires* a different use," "*produces* no new bacteria, no *change* in the six species, and no *enlargement of the range* of their utility," each "species *has the same effect*," "*perform*," "*improve* in any way their natural functioning," "*serve* the ends of nature" and "*act* quite independently" all suggest the work of an intangible process rather than a manufactured product.

In the last analysis, the goal of a "process" is to describe how the invention works, not what it is. Because so much of our patent law is derived from English Common Law, it is appropriate to look to the Oxford English Dictionary for derivation of "process" (the term used in the 1952 patent act) and "art" (the term used in the 1793 patent act). The verb "work," derived from Old English, has many meanings, e.g. "1 Do, perform, practice;" "2 Carry out or execute;" "3 Produce (as) by labor or exertion, make, construct . . ." "5 Produce as a result, bring about, cause; accomplish, achieve;" "Do something to, influence, affect;" "8a Cause to be in, bring into, a specified state . . . ;" "b Make (up), compound, or shape . . .;" and many others.

Comparing these verbs from O.E.D. definitions with the verbs used in *Funk Bros.*, it becomes clear that "work" is the operative word in a process. "Handiwork of nature" is simply a species of work, and *Funk Bros.* hit the nail on the head in stating that the work of nature, whether it is bacteria that perform functions, a mathematical formula or an algorithm for calculation, or performing tasks of nature unaided by man, cannot be patentable subject matter.

The authorities cited by the Court of Appeals in this case confirm that verbs meaning "work" point to intangible "processes," not tangible machines, manufactures or compositions of matter. Thus, this Court's decision in *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972), was cited below for the proposition that "basic tools of scientific and technological *work*" are not patentable (545 F. 3d at 952, emphasis added). The quote from *Benson* is repeated in

Parker v. Flook, 437 U.S. 584, 589 (1978). Likewise, *Flook* had its own reference to "the chemical processes at *work*" (at 586, emphasis added). This phrase using the term "work" is repeated in *Diamond v. Diehr*, 450 U.S. 175 (1981).

Brenner v. Manson, 383 U.S. 519 (1966) involved a patent application claiming a process for making a chemical compound that was the subject of a patent already granted. Manson neglected to allege any use for the process claimed in his application, unlike the inventor of the earlier patent. Manson claimed that the compound was known, having been described in the prior patent, and all he was doing was claiming a process for making a known compound. The CCPA agreed with Manson and reversed the Board. This Court vacated the CCPA judgment because the failure to allege any use for the drug was fatal to the application to patent the process of making the product. "Is a chemical process 'useful' within the meaning of § 101 either (1) because it *works*—i.e., produces the intended product? or (2) because the compound yielded belongs to a class of compounds now the subject of serious scientific investigation?" (383 U.S. at 532, emphasis added). This Court suggested that a process under § 101 "works," but the work of the artisan must be "useful." Work to make a useless compound is not a patentable process. Commodity trading is not work; it is commerce. But if it were "work," it would be useless if the trader sells to the consumer for less than he paid to the seller.

Diamond v. Chakrabarty, 447 U.S. 303 (1980), repeated that the "laws of nature, physical phenomena, and abstract ideas have been held not patentable," citing *Gottschalk v. Benson*, 409 U.S. 63 (1972)*, Parker v. Flook*, 437 U.S. 584 (1978), and *Funk Bros.* In addition, *Hartranft v. Weigman*, 121 U.S. 609 (1887) and *American Fruit Growers, Inc. v. Brogdex Co.*, 283 U.S. 1 (1931) were cited to show that products of nature were not articles of manufacture.

It is clear from *Chakrabarty* that products of nature may not be patented either as processes or as manufactures in the § 101 categories of patentable subject matter. The bacterium in *Chakrabarty* was not a product of nature. It was created by man and was unlike any other bacteria. Nature did not originally provide the bacteria with the capability to treat oil spills. In short, the bacteria had a different name, character and use than any other bacteria, and "is patentable subject matter under § 101" (447 U.S. at 310).

Diamond v. Diehr, 450 U.S. 175 (1981) followed *Chakrabarty* in supporting *Benson*, *Flook*, *Funk Bros.* and other precedents as accurately stating the law. It added to the array of precedents in support of the "commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection" the case of *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45 (1923) (450 U.S. at 188, emphasis present).

Eibel Process involved a "process" in which "a new principle of operation" was used to "cause the [paper] stock to travel by gravity at a velocity approximately equal to the speed of the [paper]making wire" (261 U.S. at 57). The pitch of the Fourdrinier wire was key to the invention. Eibel was able to "add to the former speed of the [paper-making] stock [flowing through the machine] by substantially tilting up the wire and giving the stock the added force of the down hill flow" to "maintain equality of speed between stock and wire at the crucial point, and prevent disturbance and rippling there" to make a superior product (at 52). The commercial success of the invention "spread, to use the expression of one witness, like wild fire" (at 55).

Eibel did not invent the manufacture or composition of matter we know as "paper." He did not invent the Fourdrinier "machine" for making paper. He did not even invent the "process" of making paper or transforming paper into a different state or thing. Eibel invented the "new principle of operation," making the machine work faster than before. It "worked" better by avoiding rippling caused by different speeds of the moving wire and the stock the wire was working on. "Operating" the machine at a faster speed was possible by matching the velocity of the flow of stock to that of the wire. This is a "process" step, not a tangible thing, like a manufacture, a machine, or a composition of matter.

The Court of Appeals here concluded that this Court has laid down a "definitive test to determine whether a process claim is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to preempt the principle. A claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. See Benson, 409 U.S. at 70" (545 F. 3d at 954) *Benson* did not lay down a definitive test; it merely identified clues to patent eligibility.

A "principle" is not a "process"; it is a law of nature. An "application" of a principle may be an "operation" (process), or it may be a different device (machine), product (manufacture) or compound (composition of matter). It is a mistake to assume that a process must be tied either to a particular machine or a transformation of product or composition. Rather, a "process" is work, an intangible result, not a thing, which is a tangible result.

Petitioners correctly point out at 17 that this Court expressly said in *Benson*, "We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents," and that the thought was echoed in *Flook*. Petitioners did not cite *Eibel Process*, cited in *Diehr* as applicable law (450 U.S. at 188). The law of gravity clearly is law of nature that is not tied to a particular machine. Gravity increases the speed of paper-making stock flowing downhill in the *Eibel Process*. Although the Fourdrinier machine in *Eibel Process* provides the context in which the law of gravity operates to increase velocity, the law of gravity is not tied to the Fourdrinier machine.

A more fundamental issue with the "definitive test" the Court of Appeals gleaned from *Benson* and *Diehr* is the difference between nouns and verbs. Nouns represent things. In patent law, "machine," "manufacture," and "composition of matter" are things represented by nouns. A "process," on the other hand, does work; it performs, executes, produces, makes, constructs, achieves (e.g. increased velocity), affects, shapes, etc., as the verbs in the O.E.D. definitions of "work" instruct. The Federal Circuit test is limited to "transformation" and "machine," which are much too confining nouns for describing work accomplished by processes. A "transformation" is a noun, as is a "machine." Even substituting the verb "transforming" for "transformation" is too confining, since transforming is merely one kind of work that processes can do. It is error to ask a noun to do a verb's work.

To make sense of the first category of patentable subject matter in § 101, one must address the difference between work and things. Processes are intangible; machines, manufactures and compositions of matter are things. *Eibel Process* teaches that making paper faster is economically valuable and commercially successful. The *process* works better. The *machine* is the same, and the slightly different configuration of the pitch of the wire does not make it a newer, more useful or nonobvious machine. It is still a Fourdrinier machine, still making paper, only faster. It is the *process* that is the invention in *Eibel Process*, not the machine or any transformation.

By taking *dicta* from *Benson* and *Diehr* as the "definitive test," the Federal Circuit "transformed" what was expressly not a holding into a rejection of the consistent discussions of § 101 in *Manson*, *Benson*, *Flook*, *Chakrabarty* and *Diehr.* This transformation makes § 101 into a confining strait-jacket. It ignores the fact that this Court has "more

than once cautioned that 'courts "should not read into the patent laws limitations and conditions which the legislature has not expressed" (*Diehr* at 182, quoting *Chakrabarty* and *United States v. Dubilier Condenser Corp.,* 289 U.S. 178, 199 (1933)). The Court of Appeals noted that the "statute does not itself explicitly mention machine implementation or transformation" (545 F. 3d at 956, n. 11). It is not the duty of the Court of Appeals to rewrite the statute in order to "explicitly mention machine implementation or transformation." "Machine implementation" and "transformation" are nothing more than "helpful insights" into the kinds of context where processes may be used. The TSM test is a "helpful insight" in the determination of obviousness, but the "obviousness analysis cannot be confined by formalistic conception" *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007)

By interpreting § 101 as containing a "definitive test," the Federal Circuit returns itself to the position from which its predecessor Court of Customs and Patent Appeals removed itself more than forty years ago. In the case of *In re Tarczy-Hornoch*, 397 F. 2d. 856, 857 (CCPA 1968), the CCPA freed itself from the confines of a doctrine based upon a mistaken understanding of "process" developed in decisions going back nearly seventy years previously. The issue was "whether a process claim, otherwise patentable, should be rejected because the application, of which it is a part, discloses apparatus which will inherently carry out the recited steps."

Judge Rich, writing for the CCPA, traced the "legacy of 19th century controversy over the patentability of processes" going back to *Wyeth v. Stone*, 1 Story 273 (C.C. Mass. 1840) at 285–286.. In *Wyeth*, a patent was granted on a method of cutting ice into blocks of uniform size as an "art, as well as the particular method of the application of the principle." Justice Story held that the patent was "void as for an abstract principle and broader than the invention" (*id.*).

All of the Supreme Court cases cited by the Court of Appeals here, going back to *O'Reilly v. Morse*, 15 How. 62 (1854) (and more), were discussed in *Tarczy-Hornoch* with a view toward determining whether process patents were limited to chemical processes or whether work done by machines could also be patented.

Judge Rich cited *Risdon Locomotive Works v. Medart*, 158 U.S. 68 (1895) to support the conclusion that "no valid patent could be obtained 'for a process which involves no more than the operation of a piece of mechanism, or, in other words, for the function of a machine" (*Tarczy-Hornoch* at 861). *Westinghouse v. Boyden Power Brake Co.*, 170 U.S. 537 (1897) confirmed that process claims that were the "mere function of a machine" were not patentable unless the process was capable of manual operation (397 F.2d. at 862).

"It was at this unfortunate time that our predecessor in jurisdiction of appeals from the Patent Office, the Court of Appeals of the District of Columbia, attempted a synthesis of the cases on 'function of an apparatus.' *In re Weston*, 17 App. D.C. 431 (1901). The Commissioner of Patents had rejected certain claims for a process of manufacturing devices used in electrical measuring instruments. The question before the court was 'the greatly-vexed one, how far a method or process is patentable, and when it is a subject of patentability" (*id.*, footnote omitted). The rejection of two of the four method claims in *Weston* was affirmed, but the rejection of the other two was reversed. Claims reciting the steps of "forming" a spool into a desired shape, "then winding the coil thereon and finally securing the pivotpins thereto in the axial line of the coil" were allowed because "the process and the function of the mechanism are not . . . one and the same thing in law or in our conception of the discovery" (397 F.2d. at 862).

Tarczy-Hornoch concluded, after reviewing the many Supreme Court and other precedents, that there are three classes of processes: First, "processes involving chemical or other elemental action, if new and useful, are patentable; second [a process] that amounts to no more than the mere function of a machine, is not patentable, third, that a process or method of a mechanical nature, not absolutely dependent upon a machine, although perhaps best illustrated by mechanism, may, if new and useful, be the proper subject of a patent, even though it involves no chemical or other elemental action" (at 862–863).

Tarczy-Hornoch concluded that *Expanded Metal Co. v. Bradford*, 214 U.S. 366 (1908) involved a process of making a mechanical "expanded metal," and the patent was sustained over the contention that *Risdon Locomotive Works v. Medart*, 158 U.S. 68 (1895) and other cases "restricted patents to processes involving chemical action" (at 863). This Court pointed out that cases subsequent to *Risdon* "showed that its language should not be taken as an absolute proscription of patents for mechanical processes." The Court relied upon Curtis, Walker and Robinson texts, which showed that mechanical processes may be patentable (at 863–864).

Cochrane v. Deener, 94 U.S. 780 (1876) held that "an invention or discovery of a process or method involving *mechanical* operations, and producing a new and useful result, may be within the protection of the federal statute, and entitle the inventor to a patent for his discovery" (at 864 emphasis added).

Waxham v. Smith, 294 U.S. 20 (1934), distinguished between the "function a machine performs" and the "means by which that performance is secured." "A method, which may be patented irrespective of the particular form of the mechanism which may be availed of for carrying it into operation, is not to be rejected as "functional,' merely because the specification shows a machine capable of using it" (*id.*).

Based on *Cochrane v. Deener, Expanded Metal*, *Waxham* and other cases, the CCPA concluded that the "conventional wisdom" of *In re Weston* and its progeny, holding that a mere function of a machine is not patentable, cannot be sustained. "The issue in this case, therefore, is whether this court will continue to insist upon the connotation its decisions and those of its predecessor in jurisdiction have breathed into the 'function of an apparatus' symbol or will restore to that phrase its former meaning" (at 866). The seventy years of cases absolutely proscribing mechanical processes by the CCPA following *Weston* were determined to be "justified neither by history nor policy. Today we overrule those decisions" (at 857).

The first case decided by the Federal Circuit when it was created in 1982 was *South Corp. v. United States*, 690 F. 2d 1368 (Fed. Cir. 1982). It held that the "body of law represented by the holdings of the . . . Court of Customs and Patent Appeals . . . is most applicable to the areas of law within the substantive jurisdiction of this new court. . . . [T]hat body of law is herewith adopted by this court sitting in banc." The Court of Appeals here did not even mention *Tarczy-Hornoch*, much less overrule this controlling CCPA precedent on whether processes are patentable subject matter unless they are "tied to a particular machine or apparatus," or transform an "article into a different state or thing" (545 F. 3d at 954). That interpretation suggests that a process tied to a function of a machine or a chemical transformation is essential to be patentable, which is completely refuted by *Tarczy-Hornoch.*

Robinson, *Patents* 256 n.2 (1890), taught that "the process and the function are, after all, two entirely different entities, both in intellectual and physical contemplation; the former being capable of conception apart from any object being acted upon, the latter, not so. The difficulty is another form of the old confusion between the end and the means, and is to be avoided by defining sharply the end to be accomplished, and determining whether the machine or the operation performed by it is the actual means. For if the operation performed by the machine is new in reference to the object upon which it is employed, a new process has been invented; and this is no less true if the machine or the instrument employed is new than if it were old, or if the process can be performed in no other known way than by this particular machine. While, on the other hand, if the operation is known in reference to the object, the invention of a new machine for performing it does not make a new process, but only a new instrument for applying it" (*Tarczy-Hornoch*, 397 F.2d at 867).

Before leaving *Tarczy-Hornoch,* candor requires acknowledgement that Justice Stevens, dissenting in *Diehr*, criticized *Tarczy-Hornoch*, as "repudiating the well-settled 'function of a machine' . . . doctrine [and] reinterpreted § 101 of the Patent Code to enlarge drastically the categories of patentable subject matter. This reinterpretation would lead to the conclusion that computer programs were within the categories of inventions to which Congress intended to expend patent protection" (450 U.S. at 198).

However, *Tarczy-Hornoch* reviewed the same Supreme Court decisions reviewed by the Court of Appeals here and concluded that "when all are considered and correlated hold: (1) That useful methods are statutory subject matter, whether they involve chemical or other elemental action, or are purely mechanical, and when a claim in fact defines a method its patentability is determined by comparison with the prior art. (2) That the mere function or effect of a machine is not a method, and thus not statutory subject matter, so, when a claim that purports to define a method, is found in fact to define only the desired function or effect (and not the acts or steps which result in the desired function or effect), it is properly refused or held invalid on such grounds" (397 F.2d at 865).

The second conclusion cannot fairly be described as "reinterpretation" of the Supreme Court precedents. They are, rather, an honest effort at consideration and correlation of them. *Tarczy-Hornoch* contains not a single word relating to computer programs. The patentability of computer programs is unrelated to either chemical or mechanical processes, the concern of *Tarczy-Hornoch*.

A "process" operates; a "machine" functions. The end to be accomplished in a process is work that may or may not be new. The end to be accomplished in a machine is an assemblage of parts in an apparatus that may or may not be new. Novel or not, the operation is patentable subject matter, just as the machine is patentable subject matter. The Court of Appeals holding that a process either must "be tied to a machine" or be a "transformation" confuses means and end, as Robinson said. Whether a process cannot be a function of a machine to be patentable, as *Weston* and its progeny held, or must be a function of a machine or a chemical transformation to be patentable, is a departure from "useful arts" in the Constitution, and from "process" in § 101.

Weston held that the operation of a machine cannot be patentable. *Bilski* holds that the operation of a machine is essential to be patentable (or else a chemical transformation). The decision below cannot be reconciled with *Weston*, with *Tarczy-Hornoch*, or with this Court's precedents.

CONCLUSION

The Court of Appeals fails to abide by the language of the statute, the holdings of this Court, and the holdings of its own predecessor court. The Court of Appeals "has entered a decision in conflict with the decision of another United States court of appeals [that it expressly held to be binding precedent in *South*] as to call for this Court's supervisory power" (Supreme Court Rule 10(a)). The Petition should be granted.

John P. Sutton urges the Court to grant the petition in order to clarify the law as to processes patentable under § 101. Processes need not be tied to a particular machine and need not be limited to a transformation into a different state or thing. Rather, processes must be "useful arts." Commodity trading is commerce, not a useful art.

Dated: February 25, 2009 Respectfully submitted,

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CERTIFICATE OF COMPLIANCE WITH SUPREME COURT RULE 33.1

As required by Supreme Court Rule 33.1, I certify that the document contains 5,909 words (of the 6000 word limit), excluding the parts of the document that are exempted by Supreme Court Rule 33.1(d).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 25, 2009.

____
John P. Sutton
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CERTIFICATE OF SERVICE

This certificate complies with Supreme Court Rule 37.3(b)5. It recites the facts and circumstances of service, and it is signed by a member of the Bar of this Court who represents the party on whose behalf service is made.

I, the undersigned, state:

I am employed in the city and County of San Francisco, California. I am over the age of 18 years and not a party to the within action. I am John P. Sutton, Attorney at Law, and my business address is 2421 Pierce Street, San Francisco, California 94115-1131.

I hereby certify that on February 25, 2009, three copies of the Amicus Curiae brief of John P Sutton, supporting grant of the Petitioner in Case No. 80-964 was served by first-class mail, postage prepaid on:

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