The Subject Matter of Patents IV:
Software & Business Models - Problems / Solutions

http://patents.pennlaw.net/
**Software & Business Models**

Under *State Street Bank & AT&T v Excel*, what are the requirements for patenting software and business models?

Basic § 101 test: “tangible, useful result”
- can’t claim algorithms in the abstract
- can’t pre-empt the entire use of a mathematical equation

Form of the claims doesn’t matter (machine / method, etc.)

As a practical matter, the real challenge for patentability is 102/103.

*Excel*: patent invalid under section 102 and 103

Why hasn’t the Supreme Court stepped in?
Software & Business Models

The Ziarno Patent

What does it claim?
Does it meet the State Street / Excel test?

Does the Red Cross infringe the patent?

Do you think the Ziarno patent is valid?
What is the filing date? What parts of the claim do you think were unknown?

Is the Ziarno patent:
(a) An example of the world gone mad
(b) A justification for barring internet / business model patents
(c) Evidence that the PTO is not doing such a great job
(d) An aberration that we’re making too much noise about
Software & Business Models

The Ziarno Patent

The BT “Hyperlink” Patent

What does this patent cover?
Is it valid?

Patent Policy

Do you agree with Lessig / O’Reilly that we’ve lost our way in these areas?

Are these arguments limited to “cyberspace” or “software”?

Consider the models of innovation:

1. Disruptive innovation: small startup entrants displace large/slow firms
2. Cumulative innovation: incremental improvements over existing tech

Which is the better description of innovation in cyberspace/software?

How does this affect our view of patents?
**Software & Business Models**

**Solutions?**

*Amazon.com v Barnesandnoble.com (Fed. Cir. 2001)*

What does the patent cover? (Does it meet *State Street / Excel*?)

Consider the procedural posture of the case:
- What is the standard for a preliminary injunction?
- How does the court describe the proof of invalidity that must be presented?

Prior art:
- (a) CompuServe Trend system
- (b) Web-Basket Ordering system
- (c) The Creating the Virtual Store Book
- (d) The “Oliver’s Market” Ordering System
- (e) The ‘780 Patent

*Does this suggest a solution?*
Software & Business Models

Solutions?

First Inventor Defense (35 USC 273)

PTO Changes
   Extra reviews for “business model” patents
   Is the extra cost justified?

BountyQuest
   How does it work?
   Are there any concerns about this?
Exam Information

Two hours long. Time will be a factor.

Multiple choice -- maybe some true/false or short answer

I will send out some example questions and answers (next week).

I’ll answer questions on the Discussion Board only.
Consider Clerking

1. The Federal Circuit needs your help.

2. Best place to learn the law

3. A real chance to make a difference:
   
   Johnson Worldwide,
   AT&T v Excel,
   Festo,
   Odetics,
   K-2 v. Salomon
Course Evaluations

Please write down a number from 1 to 5 in addition to your written comments.

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Thanks for a great semester!