

Business & Law Newsletter

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ON THIS TOPIC,
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*Those who are interested
in learning more about
protecting inventions are
encouraged to contact
the author, Alan Thiele,
for the article, "What
to Do When You Have
an Idea."*

SURPRISE! SURPRISE! **They are Not Your Grandfather's Patents Anymore**

If one were to ask ten American business executives the question, "What is patentable?", chances are that three wouldn't know the answer, three might say high-tech scientific inventions, three might recount a recent experience of someone who made money by patenting an invention to include a piece of software, and one might get the answer correct. The correct answer is that one can get a patent on most anything provided that "anything" meets the three tests for patentability: utility, novelty, and non-obviousness. What many do not know is that, in recent years, U.S. courts have dramatically expanded the meaning of the word "utility" to cover inventions heretofore not thought patentable by most Americans.

Until a few years ago, those who taught about patents always used to end their description of patentable inventions with the caveat, "except methods of doing business." Turns out that this caveat was wrong. It took an opinion of the Court of Appeals for the Federal Circuit to let the world know that methods of doing business have always been patentable in the U.S.

Back to the original question, "What is patentable?" The answer is found in 35 U.S.C. 101 — that section of U.S. patent law which describes Utility Patents:

Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

A further reading of Title 35 of the United States Code will also reveal that protection is available in the form of a Design Patent to those who enhance the appearance of a product:

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

And, protection is also available in the form of a Plant Patent to those who create such things as new flowers or fruits:

Whoever invents or discovers and asexually reproduces any distinct and new variety of plant, including cultivated spores, mutants, hybrids, and new found seedlings, other than a tuber propagated plant or a plant found in an uncultivated

state may obtain a patent therefor, subject to the conditions and requirements of this title.

Patents are not just for those working to advance the frontiers of technology through the creation of tangible inventions. Ideas which make a business more efficient or bring in greater profits are also patentable.

Of the three types of patents; Utility, Design, and Plant, Utility Patents are the most common and, if written properly, provide the greatest protection for an invention.

35 U.S.C. 101, the basic statute describing what can be the subject of a Utility Patent, is like many other statutes. Specifically, it contains simple words whose importance is easily lost at first reading. One of those words is “useful.”

The word “useful,” as it is used in 35 U.S.C. 101, means that an invention must have a use to be patentable. For example, if a chemist mixes a bunch of chemicals together, heats the mixture to obtain a chemical reaction, and thereby creates a new chemical compound, that new chemical compound is NOT patentable, unless it has a use.

The word “useful,” as it is used in 35 U.S.C. 101, also means that the invention works. For example, there have been numerous patent applications describing perpetual-motion machines. Physicists teach that a perpetual-motion machine cannot work. Accordingly, any claimed perpetual-motion machine does not work because it violates the laws of physics. Therefore, a perpetual-motion machine is not patentable because it does not work, and something that does not work has no usefulness.

The word “process” is another word whose importance is easily lost at a first reading of 35 U.S.C. 101. Most would think of a “process” invention in the context of a large factory where people and machines build tangible products. Not so in patent law. The patentable process may be invisible; that is, it may be a process which maneuvers electrons or controls the flow of an electrical signal through a circuit. Or, the patentable process may act on a cell or a virus.

What is even more surprising to many is that a patentable process may act on something which is not tangible in any sense; for example, a number. A number is simply a representation of a quantity and is an intangible.

With the understanding that a process is patentable, and that process extends to methods of doing business, patent protection extends to a wide range of inventions heretofore thought to be unpatentable to many. While the following outline is not exhaustive, it represents inventions which are now being protected by U.S. patents.

- I. Money Management Systems
 - A. Cash Processing
 - B. Debt Management
 - C. Investment Systems
 - D. Insurance Claims Processing and Payment

There are a wide variety of publications available if you want to learn more about protecting inventions. Some of the most useful and easy to read references are offered by Nolo Press and can be found either in bookstores or at www.nolo.com.

- II. Asset Management Systems
 - A. Purchase and Ownership Systems
 - B. Asset Maintenance
 - C. Asset Valuation
 - D. Asset Disposal

- III. Selling and Buying Systems
 - A. Value Assessment
 - B. Needs Assessments and Projections
 - C. Customer Interaction Systems

- IV. Training and Testing Systems
 - A. Skill and Knowledge Assessments
 - B. Teaching Techniques

Many businesses, particularly those businesses that deal in money, such as banks, insurance companies, and banking, are taking advantage of the “process” portions of 35 U.S.C. 101 to obtain patent protection for their internal systems.

Those who find it difficult to believe that a money management business can obtain any type of patent protection need to re-read the closing phrase of each of the three statutes quoted above, “...subject to the conditions and requirements of this title.” The key “conditions and requirements” are novelty and non-obviousness. While these two conditions and requirements are further explained in Sections 102 and 103 of Title 35 of the U.S. Code, respectively, simply stated, novelty means that the exact same invention has never become available before, and non-obviousness means that a new invention is not an obvious modification of an older invention.

The purpose of this article has been to change the beliefs of many that patents are not just for those working to advance the frontiers of technology through the creation of tangible inventions. Ideas which make a business more efficient or bring in greater profits are also patentable, provided they have the attributes of being novel and non-obvious. ■

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