

Steve Wigmore, Chair



# Newsletter

FALL 2010



## Letter from Our Chair

DEAR GEORGIA STATE BAR INTELLECTUAL PROPERTY LAW SECTION MEMBERS:

The Executive Committee of our IP Law Section hopes that you will enjoy and benefit from the several interesting events that we are in the process of planning for this 2010-2011 bar year. As you may have already learned, our law section is not joining forces with the Entertainment and Sports Law Section for the Annual Intellectual Property Law Institute, which is typically convened at an offshore location in the Caribbean.

Instead, our law section is preparing for a very rare and exciting visit from the U.S. Court of Appeals of the Federal Circuit, which will be visiting Atlanta between November 2, 2010 and November 4, 2010. Several Georgia State Bar Law Sections, which include our IP Law Section, the Eminent Domain Law Section, and the Veteran Affairs Law Section, several other bar associations, which include the Federal Circuit Bar Association and the Atlanta Bar Association, and several local law schools are planning events around the Court's visit to Atlanta. The Court usually travels to one U.S. city each year so that the public as well as legal practitioners may observe real hearings while the Court is in session.

Planning these events involving the Court's visit to Atlanta has been a well orchestrated and unified effort among the organizations that I have mentioned above. Our law section should also be very grateful to my predecessor, Andrew Crain, as well as our law section members, Chad Pannell and Professor Timothy Holbrook of Emory University, for peaking the Court's interest in visiting Atlanta. Chad and Professor Holbrook have been instrumental in making this rare visit by the Court a reality. Our law section should also extend many thanks to John North and Jim Brookshire of the Federal Circuit Bar Association who have been leading the orchestration behind the Court's visit.

While the Court will be visiting several Georgia law schools as noted in Chad Pannell's report provided below, the main event for our law section members will be on Wednesday, November 3, 2010. On this day, our law section will offer a short program at the Northern District Court in the morning. In the afternoon, our law section will be working with the Federal Circuit Bar Association and the Intellectual Property Law Section of the Atlanta Bar Association to offer some cross-discipline continuing legal education (CLE) that will include a session featuring several members of the Court. More details about the Wednesday CLE program will be distributed shortly.

While the Court's visit to Atlanta in November will be a noteworthy event, our law section planned several other smaller, yet valuable programs for our members. These smaller and valuable programs are described in the reports from the various Executive Committee Chairs listed below.

Another significant effort that we are coordinating this year is a survey that will be sent to all of our law section members very soon. We encourage our members to fully participate in the survey since the survey will focus on how our Executive Committee may better serve the interests of our law section. Specifically, our survey will ask you what types of programs are of interest to you and how you think our law section should handle requests for donations from charitable organizations that are received by our law section throughout the bar year.

In closing, I am very proud to serve our Intellectual Property Law Section as its chairman and I am grateful for this opportunity. If you have any requests of our law section or if you have any questions, please feel free to contact me.

- Steve Wigmore

Editors:

George D. Medlock, Jr.  
Chris Curfman



### Inside this issue:

Letter from our Chair	1
Patent Committee	2
Licensing Committee	2
Report: CAFC in Atlanta	3
Bilski Update	4
Upcoming Events	5

## Patent Committee Report By Rivka Monheit, Chair



The Patent Committee got off to a great start on July 21, 2010 with the Luncheon CLE entitled

**"U.S. Supreme Court Decision in *Bilski v. Kappos* and Its Practical Impact"** Forty-seven people attended this timely and insightful CLE. Cory Davis, Alston & Bird LLP, and Benjie Balser, Balser & Grell IP Law LLC, coordinated and moderated this program. The panelist were Jeffrey Kuester, Taylor English Duma LLP; David Cornett, GE Energy, and Chris Haggerty, Alston & Bird LLP. In addition to reviewing the Supreme Court's decision and the many dissenting opin-

ions, the panelists also reviewed recent and upcoming Federal Circuit cases involving Section 101, and discussed the likely practical impact of the Supreme Court's decision on patent prosecution strategies, and litigation. We plan to have a follow up CLE later in the year, after the Federal Circuit applies *Bilski* to some of the cases on its docket.

The Patent Committee is busy organizing the remainder of this year's programs.

Upcoming programs will focus on proceedings before the International Trade Commission, Ethics issues for patent lawyers, and a *Bilski* update based on recent Federal Circuit decisions. Now is a great time to get involved and share your ideas. Please contact our Chair, Rivka Monheit, at [rivka@pabstpatent.com](mailto:rivka@pabstpatent.com) to share your ideas or volunteer to serve on the Patent Committee.

### Committee Members

Nigamnarayan Acharya, Barnes & Thornburg LLP  
 Joshua B. Aronson, Sutherland Asbill & Brennan LLP  
 Renae Bailey, Kilpatrick Stockton LLP  
 Benjie Balser, Balser & Grell IP Law, LLP  
 Wendy Choi, Kilpatrick Stockton LLP  
 Andrew Claerbout, Womble Carlyle Sandridge & Rice, PLLC  
 Cory Davis, Alston & Bird LLP  
 Joseph Gleason, Alston & Bird LLP  
 Bill Isaacs, King & Spalding  
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 Paul E. McGowan, Troutman Sanders LLP  
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 Michael Tanenbaum, Georgia Tech  
 Kim Thomason, Kilpatrick Stockton LLP  
 Ian Wasser, Sutherland Asbill & Brennan LLP  
 Tiffany Williams, Kilpatrick Stockton LLP

## Licensing Committee Report By Andria Beeler-Norrholm & Susanne Hollinger, Committee Co-Chairs

The Licensing Committee Co-Chairs this year are Susanne Hollinger and Andria E. Beeler-Norrholm. Susanne is the Chief Intellectual Property Officer and Associate Director of the Office of Technology Transfer at Emory University. Susanne provides legal support to the Technology Transfer Office in licensing and other transactional matters and oversees strategies for intellectual property protection and litigation. Andria is an associate at Alston & Bird LLP. Andria's practice is concentrated on intellectual property and technology transactional matters,



including, the exploitation of intellectual property assets, website development, hosting and maintenance, advertising, sponsorship and marketing, strategic alliances and the procurement, strategic use and protection of trademarks and brands.

The Licensing Committee is in the process of planning the events it will hold for the 2010-11 Bar year. Please let either of the co-chairs know if you are interested in becoming a member of the Licensing Committee or if you have ideas for events to be held by the Licensing Committee.

## Open House Mixer

The Social Committee hosted a happy hour at the offices of Kilpatrick Stockton on September 21. The event was well attended with about 60 guests. The chairs of the various IP section committees were on hand to greet guest and explain the efforts of their committee. A good deal of interest was

expressed for serving on various committees. Thanks to all who attended and for your interest in serving. Also, thank you to Kilpatrick Stockton for the beautiful facilities and delicious food.

## Report: CAFC to Atlanta

By Chad Pannell

The first week of November 2010, Georgia will host the Court of Appeals for the Federal Circuit in its annual excursion to hear cases outside of Washington, DC. From November 2<sup>nd</sup> to the 4<sup>th</sup>, judges from the Federal Circuit will sit in panels of three to hear cases at the Georgia State College of Law, Emory Law School, John Marshall Law School, and the Northern District of Georgia.

In addition to the regular court hearings, the Georgia Bar IP Law Section has been working with the Federal Circuit Bar Association, the Atlanta Bar Association IP Section, and other organizations to plan additional events so that the legal community has an opportunity to meet the members of the Federal Circuit during such a rare visit. The primary events for the bar will occur on Wednesday, November 3, 2010. That morning a Federal Circuit panel will sit

at the Northern District of Georgia Courthouse. While the exact times of each panel have not been formally announced, it is expected that the panel will hold oral arguments from 10 AM to noon.

Prior to the hearing, the Georgia Bar IP Law Section plans to host a morning briefing with light refreshments that reviews the facts and issues of each case to be heard that morning.

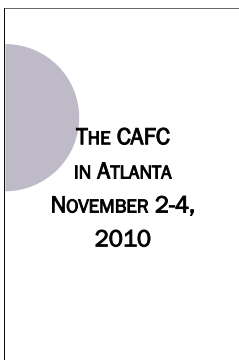
Wednesday afternoon, members of the bar are putting together a more formal conference to be followed by a reception and dinner for the Court. The conference will include a discussion

of new updates in patent law, advice for practice before the Federal Circuit, and an address on the status of the Federal Circuit. We expect several Federal Circuit judges to speak on panels and address the audience.

Following the conference on Wednesday night, the bar will host a reception and dinner for the Federal Circuit. Be on the lookout for an announcement and registration for the Federal Circuit events on November 3<sup>rd</sup>. Registration will be open to all, including non-IP bar members that practice before the Federal Circuit, but space will be limited.

For more information, visit:

<https://m360.atlantabar.org/frontend/event.aspx?EventId=21325>



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## U.S. Supreme Court Rejects the Federal Circuit's Test for Patentability of Method Claims

By A. Shane Nichols and M. Katherine Bates, King & Spalding LLP

The first week of November 2010, On June 28, 2010, the Supreme Court of the United States handed down its highly-anticipated opinion in *In re Bilski*.<sup>1</sup> The Supreme Court affirmed the Federal Circuit Court of Appeals' 2008 holding that the U.S. Patent and Trademark Office was right to refuse to grant a patent for Bernard Bilski and Rand Warsaw's invention pertaining to hedging risk in commodities trading because the claimed method does not constitute patent-eligible subject matter.

More interesting to the majority of those awaiting the Court's decision, however, was the Court's rejection of the Federal Circuit's recent announcement of a new, narrower test for method/process claims in *In re Bilski*, 545 F.3d 943, 955 (Fed. Cir. 2008)—i.e., that a process claim is patentable only if it meets the so-called "machine-or-transformation" test. By rejecting the Federal Circuit's new test as the exclusive means for evaluating patentability, the Supreme Court yet again restrained the lower court's attempt to simplify its analysis of patent-related issues.<sup>2</sup> Though the Supreme Court explicitly avoided commenting on the patentability of any particular class of invention, it made clear that recent predictions of the death of business-method patents are—at least for now—premature.

### The Rise and Temporary Fall of Business Method Patents

U.S. patent law requires that all patentable inventions be new and useful, and fall within at least one of four patent-eligible categories: processes and methods, machines, manufactures, and compositions of matter. See 35 U.S.C. § 101. The Supreme Court previously held that these statutory categories necessarily preclude the patenting of laws of nature, physical phenomena, and abstract ideas. Until 1998, it was widely presumed that U.S. patent law also implicitly precludes patents for methods or processes of doing business as merely abstract ideas. In 1998, however, the

Federal Circuit announced in its landmark *State Street*<sup>3</sup> decision that a business method can constitute a patentable

THE SUPREME COURT HELD THAT THIS SUBJECT MATTER WAS UNPATENTABLE AS SEEKING TO OBTAIN A PATENT ON "ABSTRACT IDEAS," PARTING FROM THE FEDERAL CIRCUIT'S MACHINE-OR-TRANSFORMATION ANALYSIS.

process if it "produces a useful, concrete and tangible result." 149 F.3d at 1373. Following *State Street*, the Patent Office received unprecedented volumes of applications for business method patents. In the words of Judge Mayer in his dissent to the Federal Circuit's *Bilski* decision, "*State Street* and its progeny have generated a thundering chorus of criticism." *In re Bilski*, 545 F.3d at 1004 (Mayer, J., dissenting). Perhaps in an effort to quell some of that criticism, the Federal Circuit took the opportunity afforded by the *Bilski* case to reject the "useful, concrete and tangible result" test it articulated in *State Street*. *Id.* at 959-60 (majority opinion).

### Bilski and Warsaw's Method Claims

The key patent claims at issue in *Bilski* involved a method of hedging risks in commodities trading, especially in energy markets. The Supreme Court held that this subject matter was unpatentable as seeking to obtain a patent on "abstract ideas," parting from the Federal Circuit's machine-or-transformation analysis. Slip Op. at 13. The Court described the primary claims as merely explaining the basic concept of hedging and reducing that concept to a mathematical formula. See Slip Op. at 15. The Court likened these hedging methods to the algorithms found to be unpatentable abstract ideas in its prior decisions *Gottschalk v. Benson*, 409 U.S. 63 (1972), and *Parker v. Flook*, 437 U.S. 584 (1978). The Court concluded that as mere abstract ideas, *Bilski* and Warsaw's invention was appropriately rejected as unpat-

entable subject matter by the U.S. Patent Office and the lower courts.

### The Supreme Court Rejects the Exclusivity of the Machine-or-Transformation Test

The Court then turned its attention to the Federal Circuit's holding that only processes that meet the "machine-or-transformation" test are patent eligible. The "machine-or-transformation test" states that a process or method is patent-eligible if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing. *Id.* at 3. The Court rejected the machine-or-transformation test as the exclusive means for determining patentability of processes or methods. In doing so, however, it also expressly declined to endorse the lower court's earlier interpretations of § 101—specifically identifying the Federal Circuit's decisions in *State Street* and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352 (1999). *Id.* at 16.

The Court also rejected a competing contention that business methods should not be eligible for patent protection under any circumstances, stating that such a holding would render meaningless provisions of the patent statutes that specifically refer to business methods. *Id.* at 10-12.<sup>4</sup> Justice Kennedy acknowledged that the question of patent eligibility is not easy, noting, "the patent law faces a great challenge in striking the balance between protecting inventors and not granting monopolies over procedures that others would discover by independent, creative application of general principles." *Id.* at 10. He further demonstrated a sensitivity to this policy balance by stating: "If a high enough bar is not set when considering patent applications of this sort, patent examiners and courts could be flooded with claims that would put a chill on creative endeavor and dynamic change." *Id.* at 12. — *Con. on Page 5*

## U.S. Supreme Court Rejects the Federal Circuit's Test for Patentability of Method Claims (*con.*)

### Implications

Many commentators had hypothesized that the Federal Circuit's adoption of the machine-or-transformation test meant the demise of business method patents—as well as some software claims, and diagnostic medical procedure claims. Instead, the Court's decision today reaffirms that method/process claims survive if they satisfy the express requirements of the patent statutes and the guideposts provided by earlier Supreme Court precedent, including *Benson*, *Flook*, and *Diamond v. Diehr*, 450 U.S. 175 (1981). While carefully noting that the Court was not holding that any particular technology should or should not receive patent protection, Justice Kennedy's majority opinion directly addressed anticipated public concern, stating that the machine-or-transformation test may “provide a sufficient basis for evaluating processes similar to those in the Industrial Age,” but could “create uncertainty as to the patentability of software, advanced diagnostic medicine techniques, and inventions based on linear programming, data compression, and the manipulation of digital signals.” *Id.* at 8-10.

Notably, the Supreme Court seemed to encourage the Federal Circuit to take a hard look at its own precedent, stating that “[n]othing in today's opin-

ion should be read as endorsing the Federal Circuit's past interpretations of §101” and speculating that the Federal Circuit may have found the machine-or-

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transformation test necessary because it has failed to identify “less extreme means of restricting business method patents.” *Id.* at 16.

Thus, the latest message from the Supreme Court is that patent applicants and patent litigants should continue to rely on its precedent and—so long as claims are not directed to products of nature, natural phenomenon, or abstract ideas—business processes and methods will likely remain patentable. But patent applicants and patent litigants alike should be aware that further shifts in the law are likely, particularly in the event the Federal Circuit decides to reconsider its *State Street* decision in light of the Supreme Court's expression of ambivalence in *Bilski*. The *State Street* “useful, concrete and tangible result” test may yet see its demise at the hands of its creator court, and the future of business method patents may once again be placed in doubt.

### Endnotes

<sup>1</sup> Available on the U.S. Supreme Court's website at: [www.supremecourt.gov/opinions/09pdf/08-964.pdf](http://www.supremecourt.gov/opinions/09pdf/08-964.pdf).

<sup>2</sup> See *KSR Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007) (rejecting the Federal Circuit's “narrow, rigid application” of the teaching-suggestion-motivation test); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) (rejecting the Federal Circuit's overly-simplistic approach to analyzing standing in patent-related declaratory judgment actions); *eBay Inc v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (rejecting the Federal Circuit's application of its general rule favoring presumptive issuance of permanent injunctions against patent infringement and requiring instead that courts apply traditional four-factor test); *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002) (rejecting as overly-rigid the Federal Circuit's bright-line rule limiting the application of the doctrine of equivalents in connection with patent claim elements that have been amended during prosecution).

<sup>3</sup> *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

<sup>4</sup> In his concurring opinion, joined by Justices Ginsburg, Breyer, and Sotomayor, Justice Stevens indicated that no “claim that merely describes a method of doing business” should qualify as a “process” under 35 U.S.C. § 101. Slip Op. (Stevens, J. concurring) at 2-3.

## Upcoming Events at a Glance

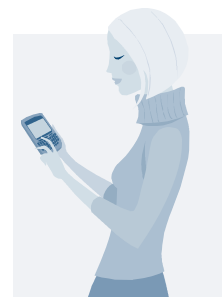
### Federal Practitioner's Institute and Dinner

When: November 3, 8:30 am – 8:30 pm  
Where: Four Seasons Hotel, Atlanta, GA

### Enforcing US Copyrights in European Jurisdictions

When: November 8  
Where: Kilpatrick Stockton, 1100 Peachtree St., Suite 2800

*This event presented by Ga Bar IP Law Section Copyright Committee chairs Arvind Reddy and Joe Staley and the Southeast Chapter of the Copyright Society co-chair James Trigg. The featured speaker will be Prof. Dr. Axel Nordemann of the German law firm Boehmert & Boehmert.*



Please consult our online calendar for more information, updates, and additional events: [www.georgiaip.org/events](http://www.georgiaip.org/events)

## IP Charity Golf Tournament October 4, 2010

The 1st annual IP Charity Golf Tournament was held on October 4th at the Piedmont Driving Club. It was a beautiful day and a wonderful time was had by all. Proceeds from the tournament benefited Georgia Lawyers for the Arts, Public Interest Law Association, and GSU Intellectual Property Scholarship Fund.



Congratulations go to:

**Low Gross Foursome:** Thomson Reuters IP Solutions (Shawn Cantor, Ooman Thomas, Matthew Joyce, Elin Fletcher)

**Low Net Foursome:** Kilpatrick Stockton (Wab Kadaba, Bill Brewster, Jon Blake, Richard Goldstucker)

**Closest to the Pin:** Bret Bonzheim

**Longest Drive:** Richard Goldstucker

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## Section Officers and Committee Chairs 2010-2011

Steve Wigmore – Chair  
Sentry Law Group  
Two Ravinia Drive, Suite 700  
Atlanta, GA 30346  
Office: 404-815-9300  
Fax: 770-804-0900  
swigmore@sentrylg.com

Phillip Burrus – Vice Chair  
Burrus Intellectual Property Group  
460 Grant Street SE  
Atlanta, GA 30312  
Office: 404-797-8111  
Fax: 404-880-9912  
PBurrus@BurrusIPLaw.com

Shane Nichols – Chair-Elect  
King & Spalding LLP  
1180 Peachtree St., N.E.  
Atlanta, GA 30309  
Office: 404-572-3507  
Fax: 404-572-5145  
snichols@kslaw.com

Brad Groff – Treasurer  
Gardner Groff Greenwald & Villanueva, P.C.  
2018 Powers Ferry Road, Suite 800  
Atlanta, GA 30339  
Office: 404-984-2300  
Fax: 404-984-0098  
bgroff@gardnergroff.com

Tina McKeon – Secretary  
McKeon Meunier Carlin & Curfman LLC  
817 West Peachtree Street NW, Suite 900  
Atlanta, GA 30308  
Office: 404-645-7701  
Fax: 404-645-7707  
TMcKeon@m2iplaw.com

Chris Curfman – Newsletter  
McKeon Meunier Carlin & Curfman LLC  
817 West Peachtree Street NW, Suite 900  
Atlanta, GA 30308  
Office: 404-645-7717  
Fax: 404-645-7707  
CCurfman@m2iplaw.com

George D. Medlock, Jr. – Newsletter  
Alston & Bird LLP  
One Atlantic Center  
1201 West Peachtree Street  
Atlanta, GA 30309-3424  
Office: 404-881-7765  
Fax: 404-253-8465  
george.medlock@alston.com

Lauren Estrin – Social  
Kilpatrick Stockton LLP  
1100 Peachtree Street, Suite 2800  
Atlanta, GA 30309-4530  
Office: 404-815-6560  
Fax: 404-541-4717  
LEstrin@KilpatrickStockton.com

Wilson White – Litigation  
Kilpatrick Stockton LLP  
1100 Peachtree Street, Suite 2800  
Atlanta, GA 30309-4530  
Office: 404-815-6607  
Fax: 404-541-4699  
WWhite@KilpatrickStockton.com

Arvind Reddy – Copyright Co-Chair  
Thomas, Kayden, Horstemeyer & Risley, LLP  
600 Galleria Pkwy SE  
Suite 1500  
Atlanta, Georgia 30339-5994  
Office: 770-933-9500  
Fax: 770-951-0933  
Arvind.Reddy@tkhr.com

Joe Staley – Copyright Co-Chair  
Gardner, Groff, Greenwald & Villanueva, PC  
2018 Powers Ferry Road, Suite 800  
Atlanta, GA 30339  
Office: 770-984-2300  
Fax: 770-984-0098  
jstaley@gardnergroff.com

Chad Pannell – CAFC to Atlanta  
King & Spalding LLP  
1180 Peachtree St., N.E.  
Atlanta, GA 30309-3521  
Office: 404-572-4692  
cpannell@kslaw.com

Rivka Monheit – Patent  
Pabst Patent Group LLP  
1545 Peachtree Street NE, Suite 320  
Atlanta, GA 30309  
Office: 404-879-2150  
rivka@pabstpatent.com

Stephen Risley – Trademark  
Sentry Law Group  
Two Ravinia Drive, Suite 700  
Atlanta, GA 30346  
Office: 404-815-9300  
srisley@sentrylg.com

Lauren Fernandez-Staley – Website  
CIBA Vision  
2930 Amwiler Ct  
Atlanta, GA 30360-2821  
Office: 770-984-2300  
laurenfernandez@gmail.com

Alison Danaceau – Social  
Carlton Fields  
One Atlantic Center  
1201 W. Peachtree Street, Suite 3000  
Atlanta, GA 30309  
Office: 404-815-3400  
Fax: 404-815-3415  
adanaceau@carltonfields.com

Andria E. Beeler-Norrholm – Licensing Co-Chair  
Alston & Bird LLP  
One Atlantic Center  
1201 West Peachtree Street  
Atlanta, GA 30309-3424  
Office: 404-881-4933  
Fax: 404-253-8426  
abeeler-norrholm@alston.com

Susanne Hollinger – Licensing Co-Chair  
Emory University Office of Technology Transfer  
1599 Clifton Rd.  
Atlanta, GA 30322  
Office: 404-712-1179  
shollin@emory.edu

Kevin Glidewell – In-House  
Turner Broadcasting System Inc.  
1050 Techwood drive  
Atlanta, GA 30318  
Kevin.Glidewell@turner.com