

CLIENT ALERT

Supreme Court Dismisses Case Involving Patentability of Natural Phenomena

June 23, 2006

In *Laboratory Corp. of America Holdings v. Metabolite Laboratories* (handed down June 22, 2006), the Supreme Court declined to decide whether researchers can patent a method of testing levels of a particular amino acid and then “correlating” the result to potential vitamin deficiencies. The accused infringer had argued that the patent at issue was an impermissible attempt to patent a “law of nature” or “natural phenomenon” – in this case the relationship between the amino acid and the vitamin deficiency.

Five justices (not counting Chief Justice Roberts, who had recused himself because his former law firm represented one of the parties) agreed the Court had made a mistake in accepting the case for review. The problem was that the accused infringer had never directly raised the patentability issue before petitioning the Supreme Court for review. As a result, the trial court had not developed the record (e.g., determining whether the patent truly preempted all applications of the phenomenon) and the Federal Circuit had not offered its views on the matter.

Ruling Not a Surprise

Although many people were expecting a landmark ruling, the Supreme Court’s decision does not come as a surprise. During oral argument, a number of justices questioned why they should decide an issue that the lower courts had not even touched. The Solicitor General (representing the United States) had also urged the Court not to take the case in the first place.

But the Dissent Was Surprising

What was surprising, however, is that three justices took the highly unusual step of dissenting from the dismissal. One frequently sees dissents in cases where there is a majority decision “on the merits,” but not in this sort of case. The justices (Breyer, Stevens, and Souter) reasoned that the majority’s “technical procedural objection” was “tenuous.” They also concluded (without explanation) that the record was comprehensive – an argument suggesting they do not think much of the principle that a patent can cover certain applications of a natural phenomenon so long as it does not preempt them all.

Reaching the merits, the dissenting justices conceded the boundary of non-patentable natural phenomena is “not easy to define,” but concluded the claim at issue was invalid no matter how narrowly one interprets the doctrine. They reasoned that the patent holder’s arguments (regarding the collection of “empirical information,” for example) proved too much and would apply to virtually any natural phenomenon. The justices also noted the public policy considerations – particularly the prospect of interfering with the practice of medicine. They worried about the prospect of doctors having to enter into license agreements. (It should be noted, however, that doctors are already statutorily shielded from patent infringement suits for acts they take in the course of treating a patient.)

Court's Discussion of *State Street*

One particularly notable aspect of the dissent is Justice Breyer's discussion of *State Street Bank* – a 1998 Federal Circuit decision that affirmed the validity of a “business method” patent held by the appellant, represented by Wolf, Greenfield & Sacks. *State Street* held that a process is patentable if it produces a “useful, concrete, and tangible result.” The dissenters noted the Supreme Court (which declined to review the *State Street* decision) had never made a comparable statement. Justice Breyer also noted the principle appeared to conflict with several earlier Supreme Court decisions, at least when one takes the Federal Circuit's holding literally.

What Does the Future Hold?

The bottom line is we will have to wait for another day for the Supreme Court to return to the question of patentable subject matter – an issue it has not touched for more than 25 years. Three justices are ready to impose some significant limits, however. Notably, all three (Breyer, Stevens, and Souter) were among the four justices who took a skeptical eye toward patents – especially business method claims – in the recent *eBay* decision rejecting the Federal Circuit's “usual rule” of issuing permanent injunctions against patent infringers as a matter of course.

Taken together, *eBay* and *Metabolite* suggest that the Supreme Court may be skeptical about the current state of patent law as it has developed in the Federal Circuit. It remains to be seen whether these signals will have any significant impact, however. We may know more as soon as next week, when the Supreme Court is likely to decide whether or not to hear an appeal concerning the standard for proving that patent claims are invalid as “obvious.”

For More Information

The opinion can be found at <http://www.supremecourtus.gov/opinions/05pdf/04-607.pdf>. As always, if you would like further advice about this decision affects your particular situation, please contact your Wolf Greenfield attorney.

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