



U.S. Supreme Court Holds Computer Implementation Alone Insufficient to Support Business Method Patents

Client Advisories

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In *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*, the U.S. Supreme Court ruled on June 19 that patent claims drawn to abstract ideas that merely require generic computer implementation are ineligible for patent protection in the United States. Ruling on patents for a computer-based business method to mitigate risk in financial exchanges, Justice Thomas delivered the **Alice opinion** that was joined by Justices Sotomayor, Ginsburg, and Breyer in a concurring opinion.

Since the software patent at issue was challenged as ineligible for protection under Section 101 of the Patent Act, Justice Thomas writes that “we must distinguish between patents that claim the ” ‘buildin[g] block[s]’ ” of human ingenuity and those that integrate the building blocks into something more,” citing the Court’s 2012 decision in *Mayo v. Prometheus*, finding no protection for methods of giving drugs to patients.

A two-step test is articulated by Justice Thomas: “We must first determine whether the claims at issue are directed to a patent-ineligible concept. We conclude that they are: These claims are drawn to the abstract idea of intermediated settlement,” that is, use of a third party to mitigate settlement risk.

At the second step of the test on the patent at issue, the Court states: “We conclude that the method claims, which merely require generic computer implemen