

### ***What is a "business method?"***

Any new, non-obvious and useful process by which a company does business, whether or not the process is technical. The U.S. Patent and Trademark Office classifies business method patents in Class 705, which is a generic class for apparatus and methods *for performing data processing or calculating operations*. Class 705 patents are characterized by the fact that they result in significant change in the data and are used in: (a) the practice, administration, or management of an enterprise, (b) the processing of financial data, or (c) to determine a charge for goods or services.

### ***Examples of Business Method Patents Issuing from Class 705:***

- Prior to 1990, computerized postage metering and cash register systems
- 1994-1999, financial transaction systems
- 1999-2001, electronic shopping and financial transaction systems
- 2001-present, newly filed applications, advertising management systems.

### ***PTO Efforts to enhance examination of business method patents:***

- Stringent searching requirements to look for prior publications or patents on business methods, including use of subject specific databases
- Partnerships with industry in banking/finance, e-commerce, insurance, and Internet infrastructure to increase the PTO's knowledge of business methods in industry
- Technical training of Examiners in certain areas of business
- Review of all cases where a business method patent is allowed cases by a patent office supervisor

### ***Why protect your business methods with patents?***

- It creates Company assets by building a patent portfolio
- It can make the Company more attractive for funding (e.g., venture funding, etc.)
- Allows Company to exclude competition from practicing Company's inventions
- Generates revenue by the licensing of the Company's business methods
- Can be used as a defense against charges of infringement by competitors

### ***Defenses to Business Method Patents:***

- First Inventor Defense: Defense that allows certain individuals to avoid infringement by showing that they practiced the business method prior to the patentee filing for a patent application.
- Expanded Third-Party Reexamination: Allows third parties to submit prior publications and patents and request that the Patent Office reexamine a patent that they suspect is invalid.

### ***Practice Tips:***

Because companies are patenting non-technical methods of doing business, it is critical that all employees (not just engineers and technical consultants) sign agreements at the time of employment binding them to assign any inventions to the company.

Before filing a patent application on a business method, make sure to ask your own industry experts if similar business methods have been used previously in the industry and by whom. Always submit evidence of prior public use of a business method to the PTO to consider when reviewing your patent application.

In reviewing a competitor's business method patent, consult with industry experts to see if this business method was known in the industry prior to the competitor filing for a patent on the method.

Bear in mind that although business methods are patentable subject matter in the U.S., they are not typically patentable in other countries. Consider where your competitors will be practicing the method, *i.e.*, within the U.S. or abroad, before filing for a U.S. patent.