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In 2003, for the first time in its 170-year history, the United States Patent Office began awarding patents for legal methods, such as tax strategies, in addition to traditional inventions such as Tylenol or the telephone. Commentators—including the Commissioner of Internal Revenue, the General Counsel of the Patent Office, and the Chair of the ABA Intellectual Property Law Section—have accepted the Patent Office's power to grant legal method patents (as a type of business method, which were ruled patentable by the federal courts in 1998), but at the same time have criticized this new type of patent on policy grounds.

The policy concerns surrounding legal method patents are significant. Although the patent system is designed to prevent latecomers from "free riding" on another's invention, thus reducing the incentive to invent in the first place, the public has always been actively encouraged to free ride on legal developments. Indeed, that is the whole point of legal precedent: to establish rules of law that all must obey.

There is something deeply disturbing about granting a private citizen a monopoly, enforceable by the courts, over a method of complying with the tax code or, for that matter, any other law. Moreover, no attorney wants to pause before advising a client in order to run a patent search to make sure that no one owns the advice she is about to give. And what client wants to pay extra to his or her lawyer to cover licensing fees?

Although granting patents to tax strategies has been a subject of policy debate, noticeably absent from this discussion has been any consideration of whether legal methods, including tax strategies, are patentable in the first place. At a recent hearing of a House Ways and Means Subcommittee on "issues relating to the patenting of tax advice,"

* Mr. Schwartz, an associate in the law firm of Wachtell, Lipton, Rosen & Katz, is a registered patent attorney. This article is premised on his work, Andrew A. Schwartz, The Patent Office Meets The Poison Pill: Why Legal Methods Cannot Be Patented, 20 Harv. J.L. & Tech. 333 (2007).

for example, not one of the witnesses questioned the patentability of tax strategies.

So, before fretting too much over the potentially dire consequences of private citizens or corporations owning patents for legal methods, it pays to stop and consider whether such patents are valid at all. As 150 years of consistent Supreme Court precedent make plain, they are not.

In passing the Patent Act, Congress established certain requirements for patentability, including the requirement that only "inventions" may be patented. What is an invention? The definition provided in the Patent Act—"The term 'invention' means invention or discovery"—is not helpful. In fact, a leading legal dictionary's entry for invention describes it as a "word impossible of definition."

The Supreme Court, however, has not shied away from this challenge, and has offered a clear and workable definition of the term: An invention is anything made by man that employs or harnesses a law of nature or a naturally occurring substance for human benefit. A watermill, for instance, harnesses the power of gravity to run machinery. An airplane exploits certain laws of fluid dynamics to achieve lift. A pharmaceutical combines elements and molecules to heal diseases.

The Supreme Court's definition of invention dates back at least to the Telephone Cases of 1888, which upheld Alexander Graham Bell's patent on the telephone on the ground that "electricity, one of the forces of nature, is employed; but electricity, left to itself, will not do what is wanted. The [invention] consists in controlling the force as to make it accomplish the purpose" of transmitting messages across long distances.[1] The High Court has since reiterated this definition on numerous occasions in the twentieth century. "If there is to be invention," wrote the Court in 1948, 1972 and again in 1981, "it must come from the application of [a] law of nature to a new and useful end."

This understanding of the term invention has also achieved acceptance around the world. The few patent systems that define invention by statute have adopted this construction. The Japanese Patent Law defines invention as "a highly advanced creation of a technical idea making use of a law of nature," and South Korea's patent statute uses nearly identical language. Continental Europe is in accord, led by the influential German legal philosopher Josef Kohler, who explicated this understanding in the early twentieth century.

But legal methods are not inventions in this sense, because they employ "laws of man"—not laws of nature—to produce a useful result. All legal methods necessarily depend on the existence of a certain legal regime to achieve their objective.

A tax strategy, for instance, depends upon provisions of the Internal

[1] The Telephone Cases, 126 U.S. 1, 532 (1888).

Revenue Code to minimize tax liability. The "poison pill" (which sprang from the imagination of my colleague, Martin Lipton, in the early 1980s) employs certain features of state corporate law to maximize shareholder value in the face of a hostile takeover. The poison pill is a useful innovation, to be sure, but it is not an invention within the meaning of the Patent Act and, hence, is not patentable.

So where do we go from here? The first step is for the Patent Office to mend its ways and stop awarding patents for tax strategies. The second is for the Office to reexamine and invalidate the patents that have been granted. Innovation is a great thing, but clearly in this instance the Office has gone too far.

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