

PATENTS ON TAX STRATEGIES: JUST ANOTHER HARMLESS SUBJECT

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This Note analyzes the subject matter eligibility of patents on tax strategies. In 2003, the United States Patent and Trademark Office issued the first patent explicitly covering a tax strategy. Since this decision, many other tax practitioners have attempted to patent tax strategies. The requirements to have a patentable tax strategy are not entirely clear, and commentators have voiced strong opinions on both sides of the patentability argument. Indeed, some feel that patents covering tax strategies are not constitutional or might otherwise not fit under the policy rationales upon which the patent system was built.

The Note first addresses the statutory requirements that all patent applications must satisfy before receiving patent allowance. Next, the Note analyzes the policy rationales implicit in the patent system. Considering this background, the author explains how patents covering tax strategies fall within the constitutional requirements of patent-eligible subject matter and how tax strategy patents would be in line with the various policies and purposes underlying the patent system. After considering the practical implications of allowing tax strategy patents, the author concludes that recognizing tax strategy patents would be appropriate, so long as Congress took action to limit the remedies available to a holder of a tax strategy patent.

I. INTRODUCTION

Concerns over the scope of the United States patent system are as old as the patent system itself. They have ranged from concern over allowing “foreigners” to receive patents¹ to concern that granting an exclusive patent on an original invention will prevent others from improving on that invention.² Prevalent among these concerns are “shock waves”³

1. Levi Lincoln, Patents for Inventions, 1 Op. Att’y Gen. 110, 110 (1802) (“The authority given by law to grant patents is unquestionably confined to the citizens of the United States. The privilege is a monopoly in derogation of common right, and, as it is not, ought not to be extended to foreigners. Were it to be, it would be subject to endless abuses, privations, and embarrassments to our citizens. I have no doubt on the question.”).

2. Letter from James Rumsey to Thomas Jefferson (June 6, 1789), in 15 JEFFERSON PAPERS 170, 171–72 (Julian P. Boyd ed., 1958) (“The dispute between Mr. Fitch and myself has Caused many of the gentlemen of our Country to be very tenacious about giving [sic] grants, so much so that the assembly of New York, and Some others, would not give me a grant for the principle of my boiler, but only for one formed like the drawing laid before them (which was intended only to Explain its prin-