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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* TERENCE BOYLE,  
ALAN SCHNEIDER,  
NOLAN GESHER,  
and JON CASSELL

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Appeal 2012–006513  
Application 12/285,063  
Technology Center 3600

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Before HUBERT C. LORIN, ANTON W. FETTING, and  
STEVEN D.A. McCARTHY, *Administrative Patent Judges*.  
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE<sup>1</sup>

Terence Boyle, Alan Schneider, Nolan Gesher, and Jon Cassell (Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims 1–5, 7–10, 13, and 16–19, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

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<sup>1</sup> Our decision will make reference to the Appellants’ Appeal Brief (“Br.,” filed Aug. 10, 2011) and the Examiner’s Answer (“Ans.,” mailed Dec. 15, 2011).

The Appellants invented an automated reconciliation of investment manager and related custody accounts (Specification para. 2).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below [bracketed matter and some paragraphing added].

1. A computer-implemented method for reconciliation of fund manager and custodian account records, comprising:

[1] validating, formatting and uploading, using a computer having a processor coupled to memory, to a database server

first and second account records received electronically from

an internal portfolio tracking system of a fund manager

and

a custody network of a custodian

respectively;

[2] receiving, using the computer,

matching rules for the respective first and second account records

predefined by the fund manager and the custodian independently of one another;

[3] comparing, using the computer,

the first and second account records

according to said matching rules

for the respective first and second account records predefined by the fund manager and the custodian independently of one another;

- [4] identifying, using the computer,  
unmatched first and second account records  
based on said matching rules for the respective first and  
second account records predefined by the fund manager  
and the custodian independently of one another;  
and  
[5] displaying, using the computer,  
a consolidated view of the identified unmatched first and  
second account records via a user interface for manual  
reconciliation.

The Examiner relies upon the following prior art:

|         |                 |               |
|---------|-----------------|---------------|
| Kramer  | US 5,038,284    | Aug. 6, 1991  |
| Sampson | US 5,802,499    | Sept. 1, 1998 |
| Hawkins | US 6,247,000 B1 | June 12, 2001 |

#### REJECTIONS

Claims 1–5, 7–10, 13, 16, and 17 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–5, 7–10, 13, and 16–19 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Hawkins, Kramer, and Sampson.

#### ISSUES

The issues of obviousness turn primarily on whether the claims recite a step of having two parties independently send rules to a system.

#### FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

*Facts Related to the Prior Art*

*Hawkins*

- 01.Hawkins is directed to an embodiment of the Crossmar Matching Service (CMS) and matches order routing of securities and other instrument types, and matches other transaction information on a post-execution basis, such as during the confirmation and settlement phase. The functions occur on the post-execution side and include matching the financials, matching the delivery instructions, and confirming those deliveries and instructions (Hawkins 4:8–19).
- 02.Hawkins describes receiving account records from a fund manager and a custodian (Hawkins 12:18–34).
- 03.Hawkins describes automatically comparing account records according to the predefined matching rules (Hawkins 22:59–23:25).
- 04.Hawkins describes generating a report identifying unmatched records (Hawkins 20:26–37).
- 05.Hawkins uses matching fields that include the following: counterparty; security type and quantity; security code and description; trade date; settlement date; and settlement currency and amount. Matching rules include the following: MT52x settlements are matched with MT518 confirms; MT592 cancel settlements are only matched with previously Matched MT518 confirms; and amended confirms cannot break a matched settlement (Hawkins 23:4–15).

06.Hawkins' MT52x settlements, MT518 confirms, and MT592 cancel settlements are part of the SWIFT (Society for Worldwide Interbank Financial Telecommunication) transaction scheme. The SWIFT format for an order message is an MT502 message. An order side confirmation message in SWIFT format is designated as an MT518. A receive against payment message in SWIFT format is designated as an MT521 and a deliver against payment message is designated as an MT523. A receive free message in SWIFT format is designated as an MT520 and a deliver free message is designated as an MT522. All of these formats are predefined (Hawkins 13:27–41).

07.Hawkins describes its rationale as meeting a needed for automating matching of transactions among brokers and custodians, especially for use in conjunction with the SWIFT network or other financial networks (Hawkins 3:53–55).

*Kramer*

08.Kramer is directed to monitoring commodities transactions.  
Kramer 1:7–14.

09.Kramer describes receiving information to confirm a successful reconciliation of trading data or the lack of a successful reconciliation. Kramer, Abstract.

*Sampson*

10.Sampson is directed to facilitating and managing the movement of assets (i.e., securities and cash) between counterparties for

collateralization of derivative and other financial market exposures. Sampson 1:7–10.

11. Sampson describes a reconciliation process involving financial securities transactions. Sampson 3:2–10.

12. Sampson describes a rule to automatically reconcile non-matched records or to go to manual reconciliation. Sampson 54:3–19.

### ANALYSIS

*Claims 1–5, 7–10, 13, and 16–19 rejected under 35 U.S.C. § 103(a) as unpatentable over Hawkins, Kramer, and Sampson*

Appellants argue claim 1 as representative. The Examiner found that Hawkins described all of the steps in claim 1. Ans. 7–9. We agree and this finding as such is not in dispute. Appellants argue instead that “Hawkins, does not disclose, matching rules for the respective first and second account records predefined by the fund manager and the custodian independently of one another.” App. Br. 6. The Examiner found that it was at least predictable for a manager and custodian to independently define matching rules because of their fiduciary responsibilities. Appellants respond that the Examiner provides no basis for this.

We find that before reaching the issue of whether this would be predictable, we must first determine whether method claim 1 recites a step of having each of the manager and the custodian defining rules independently of one another. Claim 1 has no such step. We note that such a step was recited in the representative claim and was the dispositive limitation in related appeal 2008-0923, Decision mailed March 24, 2008.

Limitation [2] labels the data received as matching rules for the respective first and second account records predefined by the fund manager and the custodian independently of one another, but merely labeling data does not alter the structure present or steps performed. *See King Pharm., Inc. v. Eon Labs, Inc.*, 616 F.3d 1267, 1279 (Fed. Cir. 2010) (“The rationale behind this line of cases is preventing the indefinite patenting of known products by the simple inclusion of novel, yet functionally unrelated limitations.”) Consistent with *King*, any predefinition independence has no effect on the process and the process has no effect on whether the predefinitions are independent.

Hawkins performs the steps as recited (the Examiner applied Kramer and Sampson only to demonstrate implied results from the recited steps). Step [2] does not recite or narrow the format or content of such rules, manner of definition, or degree of independence. As a result, having both recited parties independently mentally predefine rules is an independent rules definition within the scope of the data as labelled in the claim in any event. There are no steps recited between labelling the inputs as predefined and receiving the input that would require separate input streams.

Accordingly, we are not persuaded by Appellants’ argument. We recognize this is a new rationale, however, and so denominate this as a new ground.

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*Claims 1–5, 7–10, 13, and 16–17 rejected under 35 U.S.C. § 101 as directed  
to non–statutory subject matter*

Because the obviousness rejection is dispositive, we need not reach the statutory subject matter rejection.

#### CONCLUSIONS OF LAW

The rejection of claims 1–5, 7–10, 13, 16, and 17 under 35 U.S.C. § 101 as directed to non–statutory subject matter is not reached.

The rejection of claims 1–5, 7–10, 13, and 16–19 under 35 U.S.C. § 103(a) as unpatentable over Hawkins, Kramer, and Sampson is proper.

#### DECISION

The rejection of claims 1–5, 7–10, 13, and 16–19 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2011).

This decision contains new grounds of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides that “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.”

37 C.F.R. § 41.50(b) also provides that Appellant, **WITHIN TWO MONTHS FROM THE DATE OF THE DECISION**, must exercise one of the following two options with respect to the new grounds of rejection to avoid termination of the appeal as to the rejected claims:

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(1) Reopen prosecution. Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner . . . .

(2) Request rehearing. Request that the proceeding be reheard under § 41.52 by the Board upon the same record . . . .

AFFIRMED; 37 C.F.R. § 41.50(b)