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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte STEVEN R. LIVELY

Appeal 2014-008269
Application 12/619,667¹
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and
NINA L. MEDLOCK, Administrative Patent Judges.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Steven R. Lively (Appellant) seeks our review under 35 U.S.C. § 134 of the final rejection of claims 1-21. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM but denominate the affirmed rejections as NEW GROUNDS OF REJECTION and enter a NEW GROUND OF REJECTION.

¹ The Appellant identifies Steven R. Lively as the real party in interest. Br. 2.

THE INVENTION

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A method of monitoring a procurement relationship to initiate a transformation of the procurement relationship comprising:
performing in a computing system by one or more processors following machine-interpretable instructions the steps of

receiving, by a metrics calculator, financial data relating to cost basis of a product of a first vendor facility, the first vendor facility providing the product to a procurer at a first price;

identifying, by the metrics calculator, a first profit margin of the product;

receiving, by an expansion calculator, data identifying costs associated with establishing an expanded production facility to produce the product;

determining, by the expansion calculator, a margin threshold based upon the costs associated with establishing the expanded production facility, the margin threshold identifying a second profit margin at which total profit for the product from the first vendor facility and expanded production facility together exceeds profit from the first vendor facility when the product is provided at a selected second price which is lower than the first price; and

indicating, by an expanded production indicator, that the first profit margin is greater than the margin threshold.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Kataoka	US 2004/0186765 A1	Sept. 23, 2004
Seaman	US 2008/0120198 A1	May 22, 2008

Kiger, Jack E. et al, “Accounting Principles,” Random House, Inc., 1984. [NPL-Accounting]

“Implications of Increased Ethanol Production for US Agriculture,” Food and Agricultural Policy Research Institute, University of Missouri-Columbia, FAPRI-UMC Report #10-05, Aug. 22, 2005. [NPL-Ethanol].

The following rejections are before us for review:

1. Claims 1–7, 9–18, 20 and 21 are rejected under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, and NPL-Ethanol.
2. Claims 8 and 19 are rejected under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, NPL-Ethanol, and Seaman.

ISSUES

Did the Examiner err in rejecting claims 1–7, 9–18, 20 and 21 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, and NPL-Ethanol?

Did the Examiner err in rejecting claims 8 and 19 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, NPL-Ethanol, and Seaman?

ANALYSIS

The rejection of claims 1–7, 9–18, 20 and 21 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, and NPL-Ethanol.

The Appellant argued claims 1–7, 9–18, 20, and 21 as a group (Br. 7–16). We select claim 1 as the representative claim for this group, and the remaining claims 2–7, 9–18, 20, and 21 stand or fall with claim 1. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

Claim 1 is directed to a “method of monitoring a procurement relationship to initiate a transformation of the procurement relationship.” It is not, as the Appellant appears to be arguing, directed to “establishing a facility.” See e.g., Br. 12–13.

Said method involves performing certain instructions “in a computing system by one or more processors.” The claim characterizes the instructions as steps and they comprise:

1. “receiving, by a metrics calculator,” information A;
2. “identifying, by the metrics calculator,” information B;
3. “receiving, by an expansion calculator,” information C;
4. “determining, by the expansion calculator,” information D; and,
5. “indicating, by an expanded production indicator,” information E;

where,

- A = “financial data relating to cost basis of a product of a first vendor facility, the first vendor facility providing the product to a procurer at a first price.”
- B = “a first profit margin of the product.”
- C = “data identifying costs associated with establishing an expanded production facility to produce the product.”

- D = “a margin threshold based upon the costs associated with establishing the expanded production facility, the margin threshold identifying a second profit margin at which total profit for the product from the first vendor facility and expanded production facility together exceeds profit from the first vendor facility when the product is provided at a selected second price which is lower than the first price.”
- E = “that the first profit margin is greater than the margin threshold.”

We have reviewed the Specification to ascertain the meaning of the claim phrases “metrics calculator,” “expansion calculator,” and “expanded production indicator.” Based on that review, we find that they mean to cover common functions of conventional computer elements. The “metrics calculator” is disclosed as provided by “e.g., a computer or database . . . can comprise hardware, software, machine interpretable instructions executing on a processor, or any combination thereof.” Spec. para. 153. Similarly, the “expansion calculator” “can comprise hardware, software, machine interpretable instructions executing on a processor, or any combination thereof.” Spec. para. 158. The same for the “expanded production indicator.” See Spec. Para. 161.

Accordingly, claim 1 describes a method of performing an ordered combination of common computer functions (“receiving,” “identifying,” “receiving,” “determining,” “indicating”) to process different types of information (A–E as above).

The Appellant’s arguments go to the types of information (A–E as above) being processed as claimed; that is, the Appellant argues that the cited prior art combination does not disclose and would not lead one to process the types of information as claimed:

Assume, arguendo and without acquiescence, the following: Kataoka disclosed “receiving ... costs associated with establishing a facility”; NPL-Accounting disclosed that fixed costs always rise when an additional facility is opened; and NPL-Ethanol disclosed that increased supply always leads to lower prices. Applicant respectfully submits that, even under these assumptions, the combination of these concepts still fails to teach or suggest at least the following features of claim 1 *in context*.

receiving, by an expansion calculator, data identifying costs associated with establishing an expanded production facility to produce the product;

determining, by the expansion calculator, a margin threshold based upon the costs associated with establishing the expanded production facility, the margin threshold identifying a second profit margin at which total profit for the product from the first vendor facility and expanded production facility together exceeds profit from the first vendor facility when the product is provided at a selected second price which is lower than the first price; and

indicating, by an expanded production indicator, that the first profit margin is greater than the margin threshold.

Br. 15.

Said arguments going to the types of information (A–E as above) being processed as claimed are not persuasive as to error in the rejection because, said limitations (A–E as above) are a matter of the content of information distinguishing over the prior art information over what it communicates. As such, said limitations (A–E as above) are properly characterized as printed matter. Given that printed matter is not given patentable weight, the argued-over distinction between the type of information claimed and that of the cited prior art is not patentably consequential. *Cf. In re DiStefano*, No. 2015-1453 (Fed. Cir. 2015). *See*

also In re Xiao, 462 Fed. Appx. 947, 950–52 (Fed. Cir. 2011) (non-precedential):

[T]he Board did not create a new “mental distinctions” rule in denying patentable weight. . . . On the contrary, the Board simply expressed the above-described functional relationship standard in an alternative formulation—consistent with our precedents—when it concluded that any given position label’s function . . . is a distinction “discernable only to the human mind.” [See] *In re Lowry*, 32 F.3d 1579, 1583 (Fed. Cir. 1994) (describing printed matter as “useful and intelligible only to the human mind”) (quoting *In re Bernhart*, 417 F.2d 1395, 1399 (CCPA 1969)).

Xiao, 462 Fed. Appx. at 951–952. “Thus non-functional descriptive material, being useful and intelligible only to the human mind, is given no patentable weight.” *Ex parte Graf*, Appeal 2012-003941, slip op. at 7 (PTAB July 23, 2013) (non-precedential), *aff’d*, *In re Graf*, 585 Fed. Appx. 1012 (Fed. Cir. 2014) (Fed. Cir. 2014) (non-precedential). “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.” *King Pharms., Inc. v. Eon Labs, Inc.*, 616 F.3d 1267, 1279 (Fed. Cir. 2010) (citation omitted).

The remaining arguments are unpersuasive as to error in the rejection.

Our claim construction analysis and subsequent determination that the claim limitations at issue are patentably inconsequential nonfunctional descriptive material of the data being processed via the ordered combination of common computer functions (“receiving,” “identifying,” “receiving,” “determining,” “indicating”) as claimed is a departure from the Examiner’s reasoning – which argued that said information as claimed is in fact

disclosed (see Final Act. 4-8). Accordingly, albeit we affirm the rejection, we denominate it as a new ground of rejection.

The rejection of claims 8 and 19 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, NPL-Ethanol, and Seaman.

The Appellant does not specifically address this rejection of dependent claims 8 and 19. Accordingly, we affirm the rejection but, as with the above rejection of the independent claims, we denominate it as a new ground of rejection.

NEW GROUND OF REJECTION

Claims 1–21 are rejected under 35 U.S.C. § 101 as being directed to judicially-expected subject matter.

Alice Corp. Pty. Ltd. v. CLS Bank International, 134 S. Ct. 2347 (2014) identifies a two-step framework for determining whether claimed subject matter is judicially-expected from patent eligibility under § 101.

According to *Alice* step one, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355.

Taking claim 1 as representative of the claims on appeal, the claimed subject matter is directed to information processing. Information processing is a fundamental building block of human ingenuity. As such it is an abstract idea.

Step two is “a search for an ‘inventive concept’—*i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible

concept] itself.”” *Id.* (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294 (2012)).

We see nothing in the subject matter claimed that transforms the abstract idea of information gathering into an inventive concept.

As already explained above, the method of claim 1 sets out five steps for “receiving,” “identifying,” “receiving,” “determining,” “indicating” different types of information (A–E as above). None of these individual steps, viewed “both individually and ‘as an ordered combination,’ ” transforms the nature of the claim into patent-eligible subject matter. *See Alice*, 134 S.Ct. at 2355 (quoting *Mayo*, 132 S.Ct. at 1297, 1298). They are known operations for obtaining and generating desired information and thus add little to patentably transform the information processing abstract idea.

Furthermore, each of the “receiving,” “identifying,” “receiving,” “determining,” “indicating” steps is itself directed to an abstract idea. Merely combining five abstract ideas does not render the combination any less abstract. *Cf. Shortridge v. Found. Constr. Payroll Serv., LLC*, No. 14-CV-04850-JCS, 2015 WL 1739256 (N.D. Cal. Apr. 14, 2015), *aff’d*, No. 2015-1898, 2016 WL 3742816 (Fed. Cir. July 13, 2016).

The five steps are notable for the specific type of information being processed. But said types of information give the information-processing concept a contextual application. But that is insufficient to transform the information-processing concept into an inventive one. *Cf. CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011) (“The Court [*Parker v. Flook*, 437 U.S. 584 (1978)] rejected the notion that the

recitation of a practical application for the calculation could alone make the invention patentable.”).

Finally, we note that claim 1 calls for the recited method to involve a computer system, one or more processors, and a “metrics calculator,” an “expansion calculator,” and an “expanded production indicator.” As we explained above, the Specification supports the view that any general-purpose computer available at the time the application was filed would have satisfied these limitations. “[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility.” *Alice*, 134 S. Ct. at 2358.

For the foregoing reasons, we find that claim 1 covers claimed subject matter that is judicially-excepted from patent eligibility under § 101. The other independent claim — system claim 12 parallels claim 1 — similarly covers claimed subject matter that is judicially-excepted from patent eligibility under § 101. The dependent claims further limit the types of information to be processed which does little to patentably transform the abstract idea.

Therefore, we enter a new ground of rejection of claims 1–21 under 35 U.S.C. § 101.

For the foregoing reasons, the rejections are affirmed but denominated as new grounds of rejection but claims 1–21 are also newly rejected under § 101.

CONCLUSIONS

The rejection of claims 1–7, 9–18, 20 and 21 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, and NPL-Ethanol is affirmed but denominated as a new ground of rejection.

The rejection of claims 8 and 19 under 35 U.S.C. §103(a) as being unpatentable over Kataoka, NPL-Accounting, NPL-Ethanol, and Seaman is affirmed but denominated as a new ground of rejection.

Claims 1–21 are newly rejected under 35 U.S.C. § 101 as being directed to judicially-excepted subject matter.

DECISION

The decision of the Examiner to reject claims 1–21 is affirmed.

Claims 1–21 are newly rejected.

NEW GROUND

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides “[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 the Appellants, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- (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)