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STAAS & HALSEY LLP
SUITE 700
1201 NEW YORK AVENUE, N.W.
WASHINGTON, DC 20005

EXAMINER
MCCORMICK, GABRIELLE A

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte J. RANDALL BECKERS

Appeal 2015-006274
Application 12/044,376
Technology Center 3600

Before ANTON W. FETTING, CYNTHIA L. MURPHY, and MATTHEW S. MEYERS, *Administrative Patent Judges.*

FETTING, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE[1]

J. Randall Beckers (Appellant) seeks review under 35 U.S.C. § 134 of a Final Rejection of claims 1–17, 20, 21, 24, and 25, the only claims pending in the application on appeal. An oral hearing was held on July 11, 2017. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

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[1] Our decision will make reference to the Appellant's Appeal Brief ("App. Br.," filed June 26, 2014) and Reply Brief ("Reply Br.," filed October 14, 2014), and the Examiner's Answer ("Ans.," mailed August 4, 2014), and Final Action ("Final Act.," mailed December 26, 2013).

The Appellant invented a way of retraining a worker when a job loss occurs. 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. An apparatus, comprising: a computer configured to execute an operation including:
>
> [1] receiving an input request from a working individual;
>
> [2] identifying, by the working individual, a desired new job for which the working individual would want to receive re-training in an event of a job loss;
>
> [3] assessing re-training potential of the working individual for the desired new job;
>
> [4] determining a probability of a job loss of the working individual when the input request is determined to be accepted in accordance with the assessing of the re-training potential of the working individual;
>
> [5] determining a cost of re-training of the working individual for the desired new job;
>
> [6] determining a cost of time required for the re-training of the working individual for the desired new job;
>
> [7] determining a cost of a job search of the desired new job for the working individual;
>
> and
>
> [8] adjusting each cost determined for inflation,
>
> and
>
> [9] wherein a periodic payment to be paid at least in part by the working individual is determined
>
> > for benefit of the working individual to receive the re-training corresponding to the desired new job and living expenses when the job loss occurs,

and

[10] wherein an amount of the periodic payment is presented to the working individual,

[and]

information of a contract is stored when the amount of the periodic payment is accepted by the working individual,

[and]

[11] wherein

suggestions for alternate jobs that the working individual can be retrained to perform are presented to the working individual when the periodic payment is not accepted by the working individual,

and

the amount of the periodic payment is adjusted to correspond with a different desired new job selected from the alternate jobs by the working individual when the periodic payment is not accepted by the working individual;

and

[12] wherein the working individual obtains funds to receive the re-training and living expenses when the job loss occurs.

The Examiner relies upon the following prior art:

Renes	US 2003/0074231 A1	Apr. 17, 2003
Wenger	US 2003/0233242 A1	Dec. 18, 2003
Annappindi	US 2005/0125259 A1	June 9, 2005

Claims 1–17, 20, 21, 24, and 25 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–17, 20, 21, 24, and 25 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Annappindi, Renes, and Wenger.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite more than abstract conceptual advice. The issues of obviousness turn primarily on whether it was predictable to incorporate Wenger's practices in an insurance product coverage.

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

Annappindi

01. Annappindi is directed to calculation and utilization of unemployment risk scores in the unemployment insurance industry. Annappindi para. 2.

02. Annappindi describes a scientifically calculated unemployment score for employees based on their personal employment characteristics and national employment and unemployment data that indicates the employee's likelihood of becoming unemployed in a given period. Annappindi para. 20.

03. Annappindi describes an example in which selecting and combining the category variables "semi-skilled" for occupation, "high-school" for education, "construction" for industry, and

"Midwest" for region creates a unique risk class which has a class-specific unemployment rate of 8.80%, compared to the national unemployment rate of 6.0%. In Class Example 2, when the category variables selection is changed to create a new unique class consisting of "managerial," "college," "financial," and "northeast," essentially representing a risk-class of employees with these attributes, the unemployment rate computes to 5.30%. In Class Example 3 the unemployment rate for another risk class consisting of employees with attributes of farming, below high school, agriculture, and pacific computes to 11.10%. The third example would therefore represent the class with the highest likelihood of unemployment. Annappindi para. 93.

Renes

04. Renes is directed to insurance covering financial consequences of termination of contracts, be it through breach or mutual consent of the contracting parties or for other reasons. Renes para. 1.

05. Renes describes, in determining the amount to be charged, the software can determine the amount to be charged a prospective participant based, at least in part, on the prospective participant's age and the prospective participant's partner's age. The software can also determine the amount to be charged based, in part, on the prospective participant's projected earnings or on the prospective participant's partner's projected earnings. Renes para. 35.

06. Renes describes the amount to be charged a participant changing in view of changed circumstances in the participant's life or

environment. For example, the computer software can receive and interpret information such as prevailing interest rates, the inflation rate, the deflation situation, the economic perspective, or, on a more personal level, educational achievement of the participant or the participant's partner or child, birth of a child, death of a child, disability of a participant, disability of a partner, return on investment of investments made with the periodic amounts, and any combination thereof. Renes para. 36.

Wenger

07. Wenger is directed to supplying employment training and analysis services that are designed to assist in reintegrating eligible veterans and other unemployed individuals into meaningful employment within the labor force. Wenger para. 1.

08. Wenger describes an internet-based planning and evaluation tool known as the Academic Credit for Employment and Training (or "ACET") Auditor. The ACET Auditor provides unique information, credit auditing and record keeping services to assist veterans and others with opportunity identification and analysis during career planning. The method and system audits personal transcripts and employment records against credits or program requirement and provides a report on the advanced standing that veterans can achieve at particular institutions based on their military, employment and training records. This method and system makes it possible for veterans and others to compare any number of career options, including the time/cost of training, as

they develop a comprehensive employment development plan. It allows them to engage in this auditing process at many times in their careers. The audit report issued by the system details requirements and costs involved with pursuing specific careers at learning institutions, schools, programs and other training programs approved by state educational boards under of the United States Code. It details credit awards that are possible in many fields of study and it supplies core training for veterans. The system focuses on a variety of high need fields such as teaching, engineering and nursing, and encourages veterans to engage in opportunity analysis as they map their training and employment plans. Personal transcript analysis and credit auditing services provided by the system deliver information on possible credit awards for advanced standing status in academic programs and certification programs at local and regional institutions of higher education. Record keeping systems provide a platform for mapping and recording life-long education and employment plans and achievements for each veteran or other individual who chooses to participate in and take advantage of this system. By virtue of this program, ACET Auditor provides training to develop job skills and enhance job readiness. It offers links to training and job listings in expanding industries. It supplies links to vital information on placement and training options during opportunity identification stages of employment planning and offers ongoing access to personal employment

record-keeping systems and supplies online systems for post-placement follow-up. Wenger para. 6.

ANALYSIS

Claims 1–17, 20, 21, 24, and 25 rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter

The Supreme Court

> set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, . . . determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, "[w]hat else is there in the claims before us?" To answer that question, . . . consider the elements of each claim both individually and "as an ordered combination" to determine whether the additional elements "transform the nature of the claim" into a patent-eligible application. [The Court] described step two of this analysis as 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."

Alice Corp., Pty. Ltd. v CLS Bank Intl, 134 S. Ct. 2347, 2355 (2014) (citations omitted) (quoting *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 72–73, 78, 79 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

While the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case's claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to claim 1 does not recite what it is directed to, but the steps in claim 1 result in a working individual obtaining funds to receive re-training and living expenses when a job loss occurs. The Specification at paragraph 2 recites that the invention relates to a way of retraining a worker when a job loss occurs. Thus, all this evidence shows that claim 1 is directed to retraining a worker when a job loss occurs, i.e., unemployment insurance.

It follows from prior Supreme Court cases, and *Bilski v Kappos*, 561 U.S. 593 (2010), in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of unemployment insurance is a fundamental business practice long prevalent in our system of commerce. The use of unemployment insurance is also a building block of social insurance. Thus, unemployment insurance, like hedging, is an "abstract idea" beyond the scope of § 101. *See Alice*, 134 S. Ct. at 2356.

As in *Alice*, we need not labor to delimit the precise contours of the "abstract ideas" category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of unemployment insurance at issue here. Both are squarely within the realm of "abstract ideas" as the Court has used that term. *See Alice*, 134 S. Ct. at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *See Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that "collecting information, analyzing it, and displaying certain results of the collection and analysis" are "a familiar class of claims 'directed to' a patent ineligible concept"); *see also In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016);

FairWarning IP, LLC v. Iatric Sys., Inc., 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data collection, analysis, and computation and does not recite an improvement to a particular computer technology. *See, e.g.*, *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they "focused on a specific asserted improvement in computer animation"). The wherein clause reciting obtaining funds is not a step as such and does not recite any technological basis for its occurrence in any event, and so is no more than another abstract conceptual advice. As such, claim 1 is directed to the abstract idea of receiving, analyzing, and computing data.

The remaining claims merely describe particular parameters employed. We conclude that the claims at issue are directed to a patent-ineligible concept.

The introduction of a computer into the claims does not alter the analysis under *Mayo* step two.

> [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. Nor is limiting the use of an abstract idea "'to a particular technological environment.'" Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implement[t]" an abstract idea "on . . . a computer," that addition cannot impart patent eligibility. This conclusion accords with the pre-emption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of "additional feature[e]" that provides any "practical assurance that the

> process is more than a drafting effort designed to monopolize the [abstract idea] itself."

Alice, 134 S. Ct. at 2358 (citations omitted).

"[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer." *Alice*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to receive, identify, analyze data amounts to electronic data query and retrieval—one of the most basic functions of a computer. The limitation of "wherein the working individual obtains funds to receive the re-training and living expenses when the job loss occurs" is not a step, but a recitation of an aspiration for the individual to achieve as a result of the steps, which is not a step performed by the computer and is perceptible only in the human mind during the steps and accordingly afforded no patentable weight. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellant's method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellant's method claims simply recite the concept of unemployment insurance as performed by a generic computer. To be sure, the claims recite doing so by advising one to use data regarding an individual's state and background to determine various costs associated with training and job search and then advising subsequent payment. But this is no more than abstract conceptual advice on the

parameters for such insurance and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. The 12 pages of specification do not bulge with disclosure, but only spell out different generic equipment and parameters that might be applied using this concept and the particular steps such conventional processing would entail based on the concept of insuring against job loss under different scenarios. They do not describe any particular improvement in the manner a computer functions. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of unemployment insurance using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

As to the structural claims, they

> are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long "warn[ed] . . . against" interpreting § 101 "in ways that make patent eligibility 'depend simply on the draftsman's art.'"

Alice, 134 S. Ct. at 2360 (citation omitted).

We are not persuaded by Appellant's argument that

> the claims recite features of a particular method having a practical application including optimized determination of a periodic payment amount for re-training a working individual (worker) for a desired job identified by the working individual for benefit of the working individual to receive the re-training corresponding to the desired new job and living expenses.

Reply Br. 3. A payment determination is a quantitative mathematical algorithm, which by itself has long been held to be an abstract idea. *See RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) ("A process that started with data, added an algorithm, and ended with a new form of data was directed to an abstract idea."); *see also Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972). As we find *supra*, the wherein clause regarding payment is not part of the sequence of steps defined by the claim, and even if it were, a step of payment is itself an abstract concept absent any particular payment implementation. Payment may be no more than storing bits in memory or writing an IOU, or even a mental promise. The concept of paying someone is itself an abstraction for the various manners in which one might be compensated.

We are not persuaded by Appellant's argument that the claims recite specific programming. Reply Br. 4. Conventional programming is not inventive matter. *Elec. Power Group*, 830 F.3d at 1354–55.

We are not persuaded by Appellant's argument that

> [i]n addition to "determining a periodic payment for retraining funds and living allowance", the claimed invention provides a way for a working individual to obtain economic assistance (i.e., retraining, living expenses) in a manner that is *controlled* by the working individual for his/her benefit. Contrary to typical practice of general premium payments, the claimed invention enables a determination based on factors controlled by the working individual (identified "a desired job" in which to receive re-training, selection from "suggestions for alternate jobs", in claim 1). The claimed determination is limited to determination of a periodic payment for retraining funds and living allowance consistent with "identifying, by the working individual, [of] a desired new job [in which] to receive re-training", for example.

> Claim 1 sets forth additional operations including "assessing re-training potential of the working individual for a desired new job identified by the working individual", "determining a probability of a job loss", providing "suggestions for alternate jobs", "adjust[ing] the amount of the periodic payment to correspond with a different desired new job selected from the alternate jobs." These operations sufficiently confine the determination to a particular application of providing coverage in an event of a job loss and do not cover "fundamental economic practice."

Reply Br. 4–5. Appellant contends no more than that insurance premiums are computed based upon novel criteria. The criteria used as parameters in a mathematical algorithm are part of that algorithm and so are equally abstract and ineligible. That the insurance proceeds might be used for some useful purpose, absent any implementation as to how the process are converted into something that actually results in that purpose, is both outside the scope of the claim and no more than an aspiration. That the insurance is cabined to a particular risk is no more than saying that the algorithm parameters are so cabined. Little is more abstract than the concept of risk assumption, i.e., insurance.

We are not persuaded by Appellant's argument that

> [t]he specific determination of a periodic payment amount for re-training and living expenses as claimed enables a working individual to receive economic assistance and retraining that can be controlled by the working individual when a non-cause related job loss occurs and thus, provides a benefit to insurance industry in providing user-controlled determination of payment amount for coverage.

Reply Br. 5. What a payment is large enough to pay for is of no patentable consequence. Simply providing a payment does not cause such things to occur. The claim steps as such do no more than compute the amount, and do

not actually do anything with that computation. The wherein clause suggests an aspiration to provide that amount subsequent to the end of the claimed process, in the event of a subsequent insurable loss. To the extent Appellant contends that simply providing user control over the computation is non-abstract, Appellant provides no coherent argument as to why this is so. An abstract concept remains abstract no matter who conceives it and manipulates its parameters.

Claims 1–17, 20, 21, 24, and 25 rejected under 35 U.S.C. § 103(a) as unpatentable over Annappindi, Renes, and Wenger

The Examiner finds that Annappindi describes the unemployment insurance limitations and Wenger describes the recited factors for determining cost of training. Renes is applied for the sole inflation protection limitation. There is no dispute that the art describes these as such. The issue is whether it was predictable to incorporate Wenger's costs in an insurance product coverage.

As Renes explicitly describes the need for retraining in the event of unemployment, the only issue is whether what the payments for unemployment insurance is computed to cover is of patentable weight, and if so, whether it was predictable to include the costs Wenger describes in the computation. We find that first, what unemployment insurance is computed to cover is undeserving of patentable weight, as this is discernable only in the human mind. *In re Bernhart*, 417 F.2d 1395, 1399 (CCPA 1969). But even granting this weight, Wenger shows it was predictable to include the need for retraining in the scope of the insurable loss in an unemployment insurance instrument such as that in Annappindi. Although Wenger does not

describe using its costs in an insurance computation, the fact that Wenger describes these costs as arising in an unemployment context and Annappindi describes unemployment insurance is sufficient to suggest to one of ordinary skill in the insurance and risk assumption arts including the costs of retraining in what an unemployment insurance contract covers.

As to the remaining claims, the arguments for them simply recite the added limitations and allege they are not found. This is insufficient to act as a separate argument under 37 C.F.R. § 41.37. As our reviewing court held,

> we hold that the Board reasonably interpreted Rule 41.37 to require more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art.

In re Lovin, 652 F.3d 1349, 1357 (Fed Cir 2011).

CONCLUSIONS OF LAW

The rejection of claims 1–17, 20, 21, 24, and 25 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

The rejection of claims 1–17, 20, 21, 24, and 25 under 35 U.S.C. § 103(a) as unpatentable over Annappindi, Renes, and Wenger is proper.

DECISION

The rejection of claims 1–17, 20, 21, 24, and 25 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).

AFFIRMED