



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

Table with 5 columns: APPLICATION NO., FILING DATE, FIRST NAMED INVENTOR, ATTORNEY DOCKET NO., CONFIRMATION NO.
Row 1: 11/465.923, 08/21/2006, Penelope E. Gordon, END920050184US1, 1162
Row 2: 45092, 7590, 08/24/2017, EXAMINER MILLER, ALAN S
Row 3: HOFFMAN WARNICK LLC, 540 Broadway, 4th Floor, ALBANY, NY 12207, ART UNIT 3623, PAPER NUMBER
Row 4: NOTIFICATION DATE 08/24/2017, DELIVERY MODE ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

PTOCommunications@hoffmanwarnick.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PENELOPE E. GORDON, PAUL G. GREENSTEIN,
ANN M. GRUHN, and DAVID J. SMITH

Appeal 2016-000256
Application 11/465,923¹
Technology Center 3600

Before JOSEPH A. FISCHETTI, BRUCE T. WIEDER, and
SHIELA F. McSHANE, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the Examiner's final rejection of claims 1, 4, 8–10, 13, 17–20, and 24–26. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Appellants' claimed "invention relates generally to a method and system for determining elements of a value priced service contract, and more

¹ According to Appellants, the real party in interest is International Business Machines Corp. (Appeal Br. 1.)

particularly, to a method and system for relating business value of a product or service to a client to practices of a provider.” (Spec. ¶ 1.)

Claims 1, 10, 19, and 26 are the independent claims on appeal.

Claim 1 is illustrative. It recites:

1. A computer implemented method of managing a business engagement and structuring a value pricing contract to maximize a business value to a client while apportioning an amount of risk the client and a provider can undertake, the method comprising:
using a computing device to derive a set of client performance categories from a set of business priorities for the client;

using a computing device to obtain a set of provider performance categories based on a measurement and evaluation of a set of technical and project management practices of the provider via a comparison system;

using a computing device to obtain a provider delivery metric via the comparison system, the provider delivery metric including the measurements and evaluations of the set of technical and project management practices of the provider and to derive a client metric based on the set of client performance categories, wherein the client metric includes a measurement and a summary of a client need or desire for services, wherein both the provider delivery metric and the client metric include historical performance data representing capabilities for providing goods or services, wherein the capabilities are evaluated over a range of time periods, and wherein the historical performance data is evaluated based on efficiency, effectiveness, alignment, and transformation;

using a computing device to compare each category in the provider delivery metric with a corresponding category in the client metric to determine a resulting metric that identifies a set of resulting elements via the comparison system, wherein the resulting elements are goods or services that are common to both the provider delivery metric and the client metric, such that the resulting elements represent goods and services that the client desires and that the provider provides;

using a computing device to determine an advantage value for each of the set of resulting elements via an assignment system, wherein the determining includes determining whether the provider provides each goods or services better than the client based on efficiency, effectiveness, alignment, and transformation of the goods or services by the provider as compared to the client;

using a computing device to assign a risk value to the advantage value based on empirical performance data via a risk value system; and

using a computing device to select at least one of the set of resulting elements to be included in the business engagement based on the advantage value and an allocation of risk via a selection system, thereby maximizing the business value to the client and apportioning the amount of risk that the client and the provider undertake.

REJECTION

Claims 1, 4, 8–10, 13, 17–20, and 24–26 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

In 2014, the Supreme Court decided *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). *Alice* applies a two-part framework, earlier set out in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

Under the two-part framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, then the second

part of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to part one in the *Alice* framework, the Examiner determines that claim 1 is “directed to determining what to include in a contract between a provider and a client based on a determination of what services a provider can provide better than the client, which is a fundamental economic practice and thus an abstract idea.” (Final Action 5.)

Appellants disagree and argue that “the claims are directed to an improvement in the field of managing business engagements and structuring pricing contracts.” (Appeal Br. 13.)

Under part one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DirectTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)). Thus, although we consider the claim as a whole, the “directed to” inquiry focuses on the claim’s “character as a whole.”

In this case, the Specification discloses that the invention is directed to “provid[ing] a solution for managing a business engagement between a provider and a client.” (Spec. ¶ 7.) Claim 1, in particular, recites the steps of “deriv[ing] a set of client performance categories,” “obtain[ing] a set of provider performance categories,” “obtain[ing] a provider delivery metric,” “compar[ing] each category in the provider delivery metric,” “determin[ing] an advantage value for each of the set of resulting elements,” “assign[ing] a

risk value to the advantage value,” and “select[ing] at least one of the set of resulting elements.” (*See* Claim 1.) In other words, the claimed method starts by collecting data (deriving and obtaining), and adds an algorithm (determining a value, assigning a value, selecting an element) to “maximiz[e] the business value to the client and apportion[] the amount of risk that the client and the provider undertake.” (*See id.*)

We treat “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.” *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016). *See also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (claims directed to certain arrangements involving contractual relations are directed to abstract ideas).

Additionally, the Federal Circuit has “recognized that merely presenting the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), is abstract as an ancillary part of such collection and analysis.” *Electric Power Grp.*, 830 F.3d at 1354. Thus, a method, like the claimed method, “that employs mathematical algorithms to manipulate existing information to generate additional information is not patent eligible.” *See Digitech Image Techs, LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014).

Regardless, Appellants attempt to analogize the pending claims to the claims in *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859 (Fed. Cir. 2010) (the claims being directed to a process for rendering halftone images). (*See* Appeal Br. 14–16.)

In contrast to the present claimed method, in *Research Corp.*, the claimed process represented an improvement in computer technology in the marketplace. *Research Corp.*, 627 F.3d at 868–69 (“The invention presents functional and palpable applications in the field of computer technology. These inventions address ‘a need in the art for a method and apparatus for the halftone rendering of gray scale images in which a digital data processor is utilized in a simple and precise manner to accomplish the halftone rendering.’”) Additionally, and also in contrast to the present claimed method, “the method in *Research Corp.*, which required the manipulation of computer data structures (the pixels of a digital image and the mask) and the output of a modified computer data structure (the halftoned image), was dependent upon the computer components required to perform it.” *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1279 (Fed. Cir. 2012).

In this case, Appellants do not persuasively argue why the claimed process represents either an improvement in computer technology or requires the manipulation of computer data structures and is dependent upon computer components to perform. Instead, as noted above, Appellants argue that “the claims are directed to an improvement in the field of managing business engagements and structuring pricing contracts.” (Appeal Br. 13.)

Appellants further argue that “it is an error to deem the claimed invention an abstract idea as it does not seek a monopolization [i.e., preemption] of the concept of creating service contract elements.” (*Id.* at 11.) Preemption, however, is not a separate test.

To be clear, the proper focus is not preemption *per se*, for some measure of preemption is intrinsic in the statutory right granted

with every patent to exclude competitors, for a limited time, from practicing the claimed invention. *See* 35 U.S.C. § 154. Rather, the animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add “significantly more” to the basic principle, with the result that the claim covers significantly *less*. *See Mayo* 132 S. Ct. at 1294 [566 U.S. at 72–73].

CLS Bank Int’l v. Alice Corp. Pty. Ltd., 717 F.3d 1269, 1281 (Fed. Cir. 2013), *aff’d*, 134 S. Ct. 2347 (2014). Moreover, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Id.*

In view of the above, and even accepting Appellants’ argument that “the claims are directed to an improvement in the field of managing business engagements and structuring pricing contracts” (*see* Appeal Br. 13), we are not persuaded that the Examiner erred in determining that the claims are directed to an abstract idea.

We next look to part two of the *Alice* framework which has been described “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*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to obtain data, compare data, determine values, and select a result

are basic computer functions. In other words, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, claim 1 simply recites the concept of determining what to include in a contract between a provider and a client, as performed by a generic computer. 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. That is not enough to transform an abstract idea into a patent-eligible invention. *See id.* at 2360. Therefore, we are not persuaded that the Examiner erred in rejecting claim 1 under § 101. Appellants do not separately argue claims 4, 8–10, 13, 17–20, and 24–26. Claims 4, 8–10, 13, 17–20, and 24–26 fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

The Examiner's rejection of claims 1, 4, 8–10, 13, 17–20, and 24–26 under 35 U.S.C. § 101 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)(1)(iv).

AFFIRMED