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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RUSSELL G. BULMAN and SANDRA R. BLUM

Appeal 2016-003393
Application 13/974,470¹
Technology Center 3600

Before HUBERT C. LORIN, NINA L. MEDLOCK, and
BRUCE T. WIEDER, *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 1–20. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Appellants' claimed "invention relates to a method and system for electronic ordering, invoice presentment, and payment." (Spec. ¶ 2.)

¹ According to Appellants, the real party in interest is Altisource Solutions S.à.r.l. of Luxembourg. (Appeal Br. 3.)

Claims 1, 8, and 16 are the independent claims on appeal.² Claim 1 is illustrative. It recites:

1. A computer-implemented method of automatically resolving a dispute associated with an invoice through electronic arbitration of invoice and requestor information, the computer comprising at least one processor, the method comprising:

providing, via the at least one processor, a first interface for a vendor to upload an invoice for at least one item ordered by a requester;

automatically determining, via the at least one processor, whether the invoice should be automatically approved or rejected based on a predetermined set of rules associated with the requester;

if the invoice is automatically approved, transmitting, via the at least one processor, the invoice to the requester of the at least one item associated with the invoice for payment of the invoice;

if the invoice is automatically rejected, transmitting, via the at least one processor, notification of the invoice being rejected in response to the automatic determination that the requester rejects the invoice;

providing, via the at least one processor, a second interface for the vendor to view comments indicating the reasons for the automatic rejection of the invoice, in response to a determination that the requester rejects the invoice; and

² On March 9, 2015, Appellants, in response to the Final Action, filed claim amendments. The Advisory Action mailed March 26, 2015 does not indicate whether the claim amendments were entered. However, it is apparent from page 3 of the Answer that the Examiner treats the claim amendments as having been entered. Therefore, we treat the absence from the Advisory Action of an indication that the March 9, 2015 claim amendments were entered as inadvertent.

receiving, via the at least one processor, comments from the vendor responding to the rejected invoice.

REJECTION

Claims 1–20 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

Appellants argue independent claims 1, 8, and 16 together (*see, e.g.*, Appeal Br. 7, 11)³ and argue claim 1 as exemplary (*id.* at 15–16). Appellants do not present separate arguments for dependent claims 2–7, 9–15, and 17–20 apart from their dependency from independent claims 1, 8, and 16. (*Id.* at 17–18.) We select claim 1 as representative. Claims 2–7, 9–15, and 17–20 stand or fall with claim 1.⁴ *See* 37 C.F.R. § 41.37(c)(1)(iv).

With regard to the rejection under § 101, 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.

³ “Appeal Br.” refers to the Supplemental Appeal Brief filed September 1, 2015.

⁴ Claims 8–15 include limitations that appear to be in means-plus-function form. However, neither Appellants nor the Examiner treat the claims under § 112, sixth paragraph. Regardless, because claims 8–15 were not separately argued, these claims stand or fall with claim 1.

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 of the *Alice* framework, the Examiner determines that “claims 1–20 are directed to [the abstract idea of] resolving a dispute associated with an invoice between two parties” (Final Action 6), and that this is a fundamental economic practice (*id.*).

Appellants disagree and argue that “no ‘fundamental’ economic practice is in fact recited or described in the claims as evidenced by [the] Final Office Action’s withdrawal of the novelty rejection and the lack of any obviousness rejection on record.” (Appeal Br. 9, emphasis omitted.)

Part one of the *Alice* framework is not an evaluation of novelty or nonobviousness. “The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

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. DIRECTV, 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.”

The Specification provides evidence as to what the invention is directed. In this case, “[t]he present invention relates to a method and system for electronic ordering, invoice presentment, and payment.” (Spec. ¶ 2.) Claim 1 recites a method of “resolving a dispute associated with an invoice through . . . arbitration.” Specifically, claim 1 recites “providing . . . a first interface for a vendor to upload an invoice,” “determining . . . whether the invoice should be . . . approved or rejected,” “if the invoice is . . . approved, transmitting . . . the invoice to the requester . . . for payment,” “if the invoice is rejected, transmitting . . . notification of the invoice being rejected,” “providing . . . a second interface for the vendor to view comments . . . indicating the reasons for the . . . rejection,” and “receiving . . . comments from the vendor responding to the rejected invoice.” In view of the above, we agree with the Examiner that claim 1 is “directed to [the abstract idea of] resolving a dispute associated with an invoice between two parties.” (*See* Final Action 6),

The Federal Circuit has treated claims to “‘conducting arbitration resolution for [a] contested issue’ and ‘determining an award or a decision for the contested issue’ through a predetermined ‘mandatory’ arbitration system” as directed to a mental process, *In re Comiskey*, 554 F.3d 967, 981 (Fed. Cir. 2009),⁵ and thus, directed to an abstract idea, *see CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1371 (Fed. Cir. 2011). The

⁵ As discussed below with regard to part two of the *Alice* framework, the addition of generic computer components does not change this analysis.

Federal Circuit has also treated claims directed to “the automation of the fundamental economic concept of offer-based price optimization through the use of generic-computer functions” as directed to an abstract idea. *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015).

Appellants, however, argue that the claims “recite a technological solution for more effectively processing and automating the invoice approval/rejection process” (Appeal Br. 10), and that the claims should be analogized to the claims in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). (Appeal Br. 9–11.) We disagree.

As the Examiner explains, the claims in *DDR* address “the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host’s website after ‘clicking’ on an advertisement and activating a hyperlink.” (Answer 4.) Moreover, the claims in *DDR* “specify how interactions with the Internet are manipulated to yield a desired result — a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.” *DDR Holdings*, 773 F.3d at 1258. Appellants do not persuasively argue that the present claims override or vary some routine and conventional sequence of events. Rather, Appellants argue that “the claims herein are ‘necessarily rooted in computer technology’ and ‘solve a problem specifically arising in the realm of computer networks” (Appeal Br. 11.) However, Appellants have not identified the purported “problem specifically arising in the realm of computer networks” solved by the invention.

Additionally, Appellants do not point to claim language requiring a computer network. Claim 1, for example, recites a “computer comprising at least one processor” but does not recite a network.

In view of the above, we are not persuaded that the Examiner erred in determining that the claims are directed to an abstract idea.

With regard to Appellants’ preemption argument (Appeal Br. 17), we note that preemption 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.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). In other words, “preemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Part two of the *Alice* framework 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).

The introduction of a computer into the claims does not alter the analysis at 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 preemption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Id. 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.” *Id.* at 2359.

The Examiner determines that “claims 1–20 describe conventional activity implemented on a generic computer to solve a problem arising in [the] realm of the business world[,] that of resolving a dispute associated with an invoice through arbitration” and “contain little more than a directive to use a generic computer to implement the abstract idea embraced by the claims.” (Answer 5.)

Appellants disagree and argue that “with regards to amended independent Claims 1, 8, and 16, the technological improvement described

therein could not have been performed prior to the pre-Internet [sic] world.” (Appeal Br. 13.) In particular, Appellants argue that the limitation in claim 1 of “automatically determining, via the at least one processor, whether the invoice should be automatically approved or rejected based on a predetermined set of rules associated with the requester” “could not have been performed in a pre-Internet world.” (*Id.* at 16.) But claim 1 does not require the Internet or any other network. Thus, Appellants’ argument is not commensurate with the scope of the claim. Additionally, Appellants do not persuasively argue why the processing of data, i.e., invoice information, is not merely applying the abstract idea with a computer. *See Alice*, 134 S. Ct. at 2358. In view of the above, we are not persuaded that the Examiner erred in finding that the “claims contain little more than a directive to use a generic computer to implement the abstract idea.” (Answer 5.)

Appellants also argue that the Examiner’s rejection is improper because the Examiner did not supply evidence to support the rejection under 35 U.S.C. § 101. (Reply Br. 2–7.) We do not find this argument persuasive of reversible error. There is no requirement that examiners provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea.

The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a question of law. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings.

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Para. IV “July 2015 Update: Subject Matter Eligibility” to 2014 Interim Guidance on Subject Matter Eligibility (2014 IEG), 79 Fed. Reg. 74618 (Dec. 16, 2014) (footnote omitted).

In view of the above, we are not persuaded that the Examiner erred in rejecting claims 1–20 under § 101.

DECISION

The Examiner’s rejection of claims 1–20 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