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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PAUL M. FISCHER, SHAWN M. DENMAN, and
LISA PROCH

Appeal 2016-003608
Application 12/474,308
Technology Center 3600

Before ANTON W. FETTING, MICHAEL W. KIM, and
CYNTHIA L. MURPHY, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Paul M. Fischer, Shawn M. Denman, and Lisa Proch (Appellants)²
seek review under 35 U.S.C. § 134 of a final rejection of claims 4, 6–8, 10–

¹ Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed September 28, 2015) and Reply Brief ("Reply Br.," filed February 23, 2016), and the Examiner's Answer ("Ans.," mailed December 23, 2015), and Final Office Action ("Final Act.," mailed February 4, 2015).

² The Prudential Insurance Company of America is the real party in interest. App. Br. 2.

19, 21, 22, 24–27, and 29, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellants describe ways of calculating features of financial products. Specification para. 1.

An understanding of the invention can be derived from a reading of exemplary claim 19, which is reproduced below (bracketed matter and some paragraphing added).

19. A computer-implemented method

for administering a last survivor life insurance policy
paying a death benefit on the death of the last survivor of
a plurality of insureds,

comprising:

[1] determining by the processor,

based on a mortality charge,
a premium of a joint term life rider,
wherein the mortality charge is based on,

for each future year of the policy,
a sum of the statistical probabilities of the deaths of each
of the insureds determined as of the policy issue date,
wherein the joint term life rider allows for a death benefit
to be paid on the death of each of the insureds,

and

wherein the premium is fixed in amount at issue of the
policy and independent of the death of the first to die of
the insureds;

[2] storing by the processor in a memory device

data indicative of the determined premium of the joint
term life rider;

[3] outputting by the processor

data indicative of the determined premium of the joint term life rider;

[4] accessing by the processor

data indicative of whether any of the insureds has attained an accelerated benefit eligible status under an accelerated benefit rider of the joint term life rider, wherein accelerated benefit eligible status is attained upon satisfaction of conditions in an accelerated benefit rider for eligibility to receive an accelerated benefit;

[5] responsive to accessing data indicative that one of the insureds has an accelerated benefit eligible status:

[6] accessing by the processor data indicative of an accelerated benefit formula for determination of one or more amounts payable under the accelerated benefit rider;

[7] determining by the processor the one or more amounts payable by applying the accelerated benefit formula;

and

[8] outputting by the processor data indicative of instructions to pay a corresponding owner of the joint term life rider in accordance with the determined one or more amounts payable;

[9] accessing by the processor data indicative of whether the insureds are deceased;

[10] responsive to accessing data indicative that all of the insureds are deceased:

[11] accessing by the processor data indicative of the death benefit amount under the policy and an identity of a beneficiary, the identity including at least a name and address;

and

[12] outputting by the processor data indicative of the amount of the death benefit under the policy and the identity of the beneficiary;

and

[13] responsive to accessing data indicative of death of at least one but fewer than all of the insureds:

[14] accessing by the processor data as to each of the deceased insureds indicative of a death benefit amount in accordance with the joint term life rider;

and

[15] responsive to accessing data indicative that a death benefit is payable, outputting by the processor data indicative of the death benefit amount.

Claims 4, 6–8, 10–19, 21, 22, 24–27, and 29 stand rejected under 35 U.S.C. § 101 as directed a judicial exception without significantly more.

ISSUES

The issues of eligible subject matter turn primarily on whether the claims recite more than abstract conceptual advice of what a computer is to provide, without implementation details.

ANALYSIS

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) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Examiner finds the claims directed to administering a last survivor insurance (contract) policy, which is a fundamental life insurance (contract) practice. Final Act. 2.

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 19 recites that it is a method for administering a last survivor life insurance policy paying a death benefit on the death of the last survivor of a plurality of insureds. The steps in claim 19 result in computing various financial parameters for an insurance policy, including premium, accelerated benefit, and death benefits.³ The Specification at

³ Method claim 19 recites determining, storing, and outputting a premium, accessing benefit eligibility data, accessing formula data, determining payable amounts, outputting instructions, accessing insured status data, accessing and outputting beneficiary data, and depending on insured status,

paragraph 1 recites that the invention relates to calculating features of financial products. Thus, all this evidence shows that claim 19 is directed to insurance policy parameter computations, i.e., insurance administration.

It follows from prior Supreme Court cases, and *Bilski* (*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*, we agree with the Examiner that the concept of insurance administration is a fundamental business practice long prevalent in our system of commerce. Ans. 5. The use of insurance administration is also a building block of the insurance industry. Thus, insurance administration, like hedging, is an “abstract idea” beyond the scope of §101. See *Alice Corp. Pty. Ltd.* at 2356.

As in *Alice Corp. Pty. Ltd.*, 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 insurance

and accessing and outputting insured death benefit amounts depending on status. Thus, claim 19 recites, essentially, receiving, analyzing, and outputting data. None of the limitations recite implementation details for any of these steps, but instead only recite functional results to be achieved by any and all possible means. Data reception, analysis and modification, and output are all generic, conventional data processing operations to the point they are themselves concepts awaiting implementation details. The sequence of data reception-analysis-output is equally generic and conventional. The ordering of the steps is, therefore, ordinary and conventional. The remaining claims merely describe the parameters used for such insurance agreements, with no implementation details. Accordingly, for these reasons, focusing our analysis as to what the claim is “directed to” on the insurance aspects of claim 19 is appropriate.

administration at issue here. Both are squarely within the realm of “abstract ideas,” as the Court has used that term. *See id.* at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *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 19, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data retrieval, analysis, and output 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”). As such, claim 19 is directed to the abstract idea of entering, analyzing, and outputting data.

The remaining claims merely describe the parameters used for such insurance agreements. 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 at Mayo step two.

the 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 feature[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 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 Corp. Pty. Ltd.*, 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 retrieve, analyze, and output data amounts to electronic data query and retrieval—one of the most basic functions of a computer. 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 Appellants’ method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants’ method claims simply recite the concept of insurance administration as performed by a generic computer. To be sure, the claims recite doing so by advising one to compute premiums, accelerated benefits, death benefits for beneficiaries, and death benefits for survivors, and let one know when the payment amounts. But this is no more than abstract conceptual advice on the

parameters for such insurance administration and the generic computer processes necessary to process those parameters, and do not recite any particular implementation. The claims do not even require actual policy creation and death, because they encompass simulating such insurable events as well.

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 32 pages of the Specification 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 insurance administration under different scenarios. They do not, however, 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 insurance administration using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.* 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.’”

Id.

We are not persuaded by Appellants’ argument that the Examiner does not establish a prima facie case that the claims are directed to non-

statutory subject matter. App. Br. 6–7. We find that the intrinsic evidence is sufficient to support the Examiner’s position, *supra*.

We are not persuaded by Appellants’ argument that the claims are not directed to merely administering a last survivor insurance (contract) policy. App. Br. 7–8. Appellants contend the limitations that recite what is done is more than administering a policy. Appellants conflate Alice steps 1 and 2. The first step is to find what the claims are directed to. It is the second step that then looks to what is done to achieve that. As we find *supra*, the limitations that do so are basic data processing operations, and so the steps are a little more than abstract conceptual advice to perform old, known data processing operations. None of the limitations affect actual computer performance.

We are not persuaded by Appellants’ argument that the claims include an inventive concept. App. Br. 8. Appellants contend that the claims recite structural limitations that recite operations on specific data content. Whether analyzed individually or as an ordered combination, the claims recite conventional elements at a high level of generality and do not constitute an inventive concept. *See In re TLI Commc’ns LLC v. Automotive, L.L.C.*, 823 F.3d 607, 614–15 (Fed. Cir. 2016) (cataloguing cases finding ineligibility under *Alice* step two where the claims recited “well-understood, routine, conventional activities previously known to the industry” (internal quotation marks, brackets, and citation omitted)). Without more, the representative claims fail to recite an inventive concept under *Alice* step two.

As to reciting specific data, such data is discernable only in the mind of the beholder and is afforded no patentable weight. *See In re Bernhart*, 417 F.2d 1395, 1399 (CCPA 1969). The data itself is binary digit strings of

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arbitrary sequence dependent on the encoding scheme, and, as such, is among the highest forms of abstraction.

CONCLUSIONS OF LAW

The rejection of claims 4, 6–8, 10–19, 21, 22, 24–27, and 29 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

DECISION

The rejection of claims 4, 6–8, 10–19, 21, 22, 24–27, and 29 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