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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/753,194	01/29/2013	Jason Houseworth	2513-22.02	1830

118925 7590 05/21/2018

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ART UNIT	PAPER NUMBER
3697	

NOTIFICATION DATE	DELIVERY MODE
05/21/2018	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JASON HOUSEWORTH, GIAO T. CARRICO, KEITH EHRHARD, and MICHAEL S. MCWILLIAMS

Appeal 2016-004366
Application 13/753,194[1]
Technology Center 3600

Before NINA L. MEDLOCK, MATTHEW S. MEYERS, and ROBERT J. SILVERMAN, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's decision rejecting claims 1–13 and 15–22 under both 35 U.S.C. § 101 and 35 U.S.C. § 103(a). We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM the rejection under 35 U.S.C. § 101, designating the affirmance as a NEW GROUND OF REJECTION under 37 C.F.R. § 41.50(b). We REVERSE the rejections under 35 U.S.C. § 103(a).

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[1] According to the Appellants, the real party in interest is HRB Tax Group, Inc., which operates as a subsidiary of H&R Block Group, Inc., which operates as a subsidiary of H&R Block, Inc. Appeal Br. 2.

ILLUSTRATIVE CLAIM

1. A system for predicting an impact of income reported on a 1099 form on a user's tax liability, the system comprising:

a deduction data store having stored thereon information indicative of a plurality of tax deductions and a plurality of tax credits;

a non-transitory computer readable storage medium having a computer program stored thereon for predicting an impact of income reported on a 1099 form on a user's tax liability; and

a processing element associated with the computer readable storage medium for executing the computer program, wherein the execution of the computer program performs the following steps:

acquiring known user information related to the user and the user's taxes,

wherein the known user information includes at least some information for a current tax year to date;

predicting at least some user information related to the user and the user's taxes for a remainder of the current tax year based at least partially on the known user information,

wherein the step of predicting at least some user information is performed at an intermediate time in the current tax year and prior to termination of the current tax year, such that the predicted user information is for said remainder of the current tax year;

acquiring reportable income on a 1099 form to date in the current tax year ("1099 reportable income to date");

projecting, in said intermediate time in the current tax year, an end of year 1099 reportable income for the current tax year based at least partially on the 1099 reportable income to date;

comparing, in said intermediate time in the current tax year, the known user information, the predicted user information, and the projected end of year 1099 reportable income with requirements for at least one of tax deductions and tax credits offered by a taxing authority;

accessing the deductions data store to identify tax deductions or tax credits having requirements related to the known user information, the predicted user information, and the projected end of year 1099 reportable income and identifying, in said intermediate time in the current tax year, said deductions or credits;

predicting, in said intermediate time in the current tax year, the impact of the projected end of year 1099 reportable income on the user's tax liability for the current tax year based on the known user information, the predicted user information, the projected end of year 1099 reportable income, and the requirements for at least one of tax deductions and tax credits for the current tax year;

predicting, in said intermediate time in the current tax year, an accuracy probability for the projected end of year 1099 reportable income based at least partially on 1099 accuracy probability information;

wherein the 1099 accuracy probability information is indicative of at least one of a type of 1099 reportable income, a frequency of receipt or payment of the 1099 reportable income, a particular time of a tax period when the 1099 reportable income is received or paid, and a 1099 reportable income for one or more prior tax years; and

presenting to the user, via the user interface, the accuracy probability for the projected end of year 1099 reportable income.

CITED REFERENCES

The Examiner relies upon the following references:

Carver	US 2004/0078307 A1	Apr. 22, 2004
Peak et al. (hereinafter "Peak")	US 7,539,635 B1	May 26, 2009
Burlison et al. (hereinafter "Burlison")	US 7,693,769 B1	Apr. 6, 2010
Torre et al. (hereinafter "Torre")	US 2010/0185561 A1	July 22, 2010
Hellman et al. (hereinafter "Hellman")	US 2012/0053965 A1	Mar. 1, 2012
Eftekhari et al. (hereinafter "Eftekhari")	US 8,407,113 B1	Mar. 26, 2013

REJECTIONS[2]

I. Claims 1–13 and 15–22 are rejected under 35 U.S.C. § 101 as ineligible subject matter.

II. Claims 1, 2, 5–9, 12, 13, 15–18, and 20–22 are rejected under 35 U.S.C. § 103(a) as unpatentable over Eftekhari, Hellman, Carver, and Burlison.

III. Claims 3, 4, 10, and 11 are rejected under 35 U.S.C. § 103(a) as unpatentable over Eftekhari, Hellman, Carver, Burlison, and Peak.

IV. Claim 19 is rejected under 35 U.S.C. § 103(a) as unpatentable over Eftekhari, Hellman, Carver, Burlison, and Torre.

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[2] In addition to the enumerated rejections, the Final Office Action (pages 2–4) rejects claims 1–13 and 15–22 under 35 U.S.C. § 112(a) or 35 U.S.C. § 112 (pre-AIA), first paragraph, and also rejects claims 15–20 under 35 U.S.C. § 112 (pre-AIA), second paragraph. These rejections are withdrawn. *See* Answer 2.

FINDINGS OF FACT

The findings of fact relied upon, which are supported by a preponderance of the evidence, appear in the following Analysis.

ANALYSIS

Subject-Matter Eligibility (New Ground of Rejection)

Applying the first step of the methodology delineated in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347, 2355 (2014), the rejection states: "The claims are directed to a fundamental economic practice and method of tax preparation and filing to a taxing authority, such as evaluation and preparation of forms to be filed with the IRS (which has been executed by practitioners for years)." Final Action 4. Further, under the second *Alice* step, the claims do not amount to significantly more than the abstract idea itself, because the limitations are merely instructions to implement the abstract idea with generic computer functions that are well-understood, routine, and conventional. *Id.* at 5.

Disputing the rejection, the Appellants argue claims 1–13 and 15–22 as a group. Appeal Br. 8–13; Reply Br. 2–5. Claim 1 is selected for analysis herein. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Appellants argue that claim 1 is not directed to the identified abstract idea, because the claim does not recite a method of tax preparation. Appeal Br. 9. Rather, the claim is "directed to a system that predicts or projects various taxpayer information," such as user information or 1099 reportable income, at an intermediate time in the current tax year, and compares some of the predicted or projected information to tax deductions

and credits. *Id.*; *see also* Reply Br. 3 ("The claims are directed to predicting the impact of projected 1099 income on the user's tax liability.") Further, the Appellants emphasize that tax preparation and filing would occur only at the termination of the tax year and not at an intermediate time in the current tax year, as the claims require. Appeal Br. 10.

Thus, the Appellants argue that the abstract idea identified by the Examiner is more narrowly circumscribed than the Appellants' characterization of the recited subject matter, but the Appellants do not identify any reason why the rejection might fail to show that claim 1 is directed to an abstract idea. Indeed, "[a]n abstract idea can generally be described at different levels of abstraction." *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1239 (Fed. Cir. 2016). Additionally, characterizing the claims *broader* than the abstract idea set forth in the rejection, as the Appellants do — i.e., the characterization of the claims as predicting the impact of an income report on a user's tax liability, during the course of a current tax year (*see* Appeal Br. 9) — merely amounts to identifying an alternative abstract idea to which claim 1 is directed.

Therefore, the Appellants do not persuasively argue that claim 1 is not directed to an abstract idea.

The Appellants also argue that the claims "do not seek to tie up" the identified abstract idea. *Id.* at 10–11. Yet, although "preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). *See also* Answer 3.

In regard to the second step of the *Alice* analysis, the Appellants contend:

> [O]ne element that is significantly more than the alleged abstract idea is the prediction of the impact of 1099 reportable income before the preparation of the tax return and providing an accuracy probability for projected end of year 1099 reportable income. As another example, Appellant respectfully submits that it is not well-understood, routine, nor conventional to predict the accuracy probability wherein such probability is indicative of a type of 1099 reportable income, a frequency of receipt or payment of the 1099 reportable income, a particular time of a tax period when the 1099 reportable income is received or paid, or a 1099 reportable for one or more prior tax years.

Appeal Br. 11–12.

These arguments are not persuasive.

As an initial matter, the second *Alice* step endeavors to identify any "additional elements" of the claimed subject matter — i.e., recited elements, in addition to the judicially excepted concept (such as an abstract idea) — that would be "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 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 73 (2012)). Yet, the Appellants do not clearly delineate which aspects of the claimed subject matter (referenced in the above quotation) are regarded as elements that are additional to the abstract idea of predicting an impact of an income report on a user's tax liability — nor do the Appellants explain why any such additional elements might be sufficiently "significant[ ]," under *Alice*, 134 S. Ct. at 2355, so as to render claim 1 patent-eligible. Furthermore, the identified uses of particular features of income data (i.e., the circumstances of 1099 reports) — insofar as

these features recite something other than the identified abstract idea itself —amount to field-of-use elements, which cannot give rise to patent eligibility. *See Bilski v. Kappos*, 561 U.S. 593 610–11 (2010) ("[T]he prohibition against patenting abstract ideas 'cannot be circumvented by attempting to limit the use of the formula to a particular technological environment' or adding 'insignificant postsolution activity.'") (quoting *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981)); *see also Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1259 (Fed. Cir. 2016) ("The Supreme Court and this court have repeatedly made clear that merely limiting the field of use of the abstract idea to a particular existing technological environment does not render the claims any less abstract.")

In addition, the Appellants contend that the claimed technique is patent-eligible, because "predicting the impact of the 1099 reportable income to date on the user's tax liability and determining the probability of the accuracy are necessarily rooted in computer technology and was not a business practice known to the pre-Internet world." Appeal Br. 12. According to the Appellants, making such predictions "would not be something that a taxpayer would do manually," in view of "[t]he complexity of the tax code, the complexity of the performed calculations, combined with their year-to-date variability." *Id.* Rather, the claimed technique "is a strategy made feasible by computer systems." *Id.*

This argument is unpersuasive, because the use of a computer to perform tasks more quickly or more accurately is not sufficient to render a claim eligible. *See Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1367 (Fed. Cir. 2015) ("[C]laiming the improved speed or efficiency inherent with applying the abstract idea on a computer [does not]

provide a sufficient inventive concept."); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) ("[R]elying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible."); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (US.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) ("[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.")

In view of the foregoing, the Appellants do not persuade us of error in the rejection of claim 1. Therefore, we sustain the rejection of claim 1 and, per 37 C.F.R. § 41.37(c)(1)(iv), claims 2–13 and 15–22 under 35 U.S.C. § 101.

However, because we characterize the identified abstract idea differently than the Examiner, we designate this Decision as containing a new ground of rejection, in accord with 37 C.F.R. § 41.50(b).

Obviousness

1. Independent Claims 1 and 13; Dependent Claims 2–7 and 15–21

The Appellants argue claims 1–13 and 15–21[3] as a group. Appeal Br. 13–27; Reply Br. 5–9. We select claim 1 for analysis, under 37 C.F.R. § 41.37(c)(1)(iv).

[3] Because claim 22 depends from claim 8, we regard as inadvertent the Appellants' inclusion of claim 22, in regard to the issues addressed at, e.g., pages 13–27 of the Appeal Brief, as well as the omission of claim 22, in regard to the issues addressed at, e.g., page 27 of the Appeal Brief.

The Appellants contend that independent claim 1 was rejected erroneously, because the identified prior art does not teach or suggest:

> predicting, in said intermediate time in the current tax year, an accuracy probability for the projected end of year 1099 reportable income based at least partially on 1099 accuracy probability information;
>
> wherein the 1099 accuracy probability information is indicative of at least one of a type of 1099 reportable income, a frequency of receipt or payment of the 1099 reportable income, a particular time of a tax period when the 1099 reportable income is received or paid, and a 1099 reportable income for one or more prior tax years;

Appeal Br. 18–20.

The rejection states that Eftekhari teaches these features at column 5 (lines 28–52), column 12 (lines 10–34), and Figure 4. Final Action 8–9.

Yet, as the Appellants point out, Eftekhari is directed generally to a tax preparation system for assisting users in "prepar[ing] their taxes during the tax preparation season *following* the current tax year, as opposed to *during an intermediate time in the current tax year*." Appeal Br. 13 (citing Eftekhari, Abstract, col. 1, ll. 18–54, col. 6, ll. 4–9, col. 10, ll. 58–66). *See also id.* at 19 (citing Eftekhari, col. 12, ll. 41–43). Accordingly, Eftekhari's determinations of the "confidence and/or relevance" of tax data cannot teach the recited "predicting in said intermediate time in the current tax year, an accuracy probability for the projected end of year 1099 reportable income" of claim 1.

Therefore, we do not sustain the rejection of claims 1–13 and 15–21 under 35 U.S.C. § 103(a).

2. Independent Claim 8;
Dependent Claims 9–12 and 22

The Appellants contend that independent claim 8 was rejected erroneously, because the identified prior art does not teach or suggest:

> predicting, in said intermediate time in the current tax year, an accuracy probability that the taxpayer will qualify for the deductions or credits based at least partially on a set of accuracy probability information,
>
> wherein the set of accuracy probability information is indicative of at least one of a type of deduction or credit, known tax information related to the taxpayer for one or more prior tax years, previous deductions and credits taken by the taxpayer, a particular time of a tax period when the 1099 reportable income is received or paid, and a 1099 reportable income for one or more prior tax years

See Appeal Br. 27.

The Appellants explain that "the final Office Action on pages 14–15 does not cite any art for teaching" the above-identified features of claim 8. *Id. See also* Reply Br. 9–10.

We agree. *See* Final Action 13–15.

Therefore, we do not sustain the rejection of independent claim 8 and dependent claims 9–12 and 22 under 35 U.S.C. § 103(a).

DECISION

We AFFIRM the Examiner's decision rejecting claims 1–13 and 15–22 under 35 U.S.C. § 101, designating this affirmance as a NEW GROUND OF REJECTION under 37 C.F.R. § 41.50(b).

We REVERSE the Examiner's decision rejecting claims 1–13 and 15–22 under 35 U.S.C. § 103(a).

This Decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). Section 41.50(b) provides that "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review." Section 41.50(b) also provides:

> When the Board enters such a non-final decision, the appellant, 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 prosecution will be remanded to the examiner. The new ground of rejection is binding upon the examiner unless an amendment or new Evidence not previously of Record is made which, in the opinion of the examiner, overcomes the new ground of rejection designated in the decision. Should the examiner reject the claims, appellant may again appeal to the Board pursuant to this subpart.
>
> (2) *Request rehearing*. Request that the proceeding be reheard under § 41.52 by the Board upon the same Record. The request for rehearing must address any new ground of rejection and state with particularity the points believed to have been misapprehended or overlooked in entering the new ground of rejection and also state all other grounds upon which rehearing is sought.

Further guidance on responding to a new ground of rejection can be found in MPEP § 1214.01.

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; 37 C.F.R. § 41.50(b)