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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MICHELE DEMARK,
MICHAEL MICHELSEN,
DIANE SCOTT,
and CHRIS COCHRAN

Appeal 2016-005870
Application 14/143,964
Technology Center 3600

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Michele Demark, Michael Michelsen, Diane Scott, and Chris Cochran
(Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims

¹ Our decision will make reference to the Appellants' Appeal Brief ("Br.," filed September 23, 2015) and the Examiner's Answer ("Ans.," mailed March 11, 2016), and Final Action ("Final Act.," mailed March 23, 2015).

2–21, 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 invented a way of tracking obligations incurred between individuals that may be associated with a social network service.

Specification para. 4.

An understanding of the invention can be derived from a reading of exemplary claim 9, which is reproduced below (bracketed matter and some paragraphing added).

9. A method comprising:

[1] receiving, at a host computer system, a first message comprising an indication of an expense

incurred by a first user of a social network service for purchase of an item or service

on behalf of a second user of the social network service;

[2] sending, from the host computer system, a second message to the second user requesting a confirmation that:

[3] the item or service was purchased on behalf of the second user;

and

[4] the second user will assume an obligation associated with the expense;

and

[5] associating, by the host computer system, in response to receipt of the confirmation:

the obligation with the second user;

and

a benefit with the first user.

Br. 9 (Claims Appendix).

Claims 2–21 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

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

Method claim 9 recites receiving and sending messages regarding a purchase expense and payment obligation and creating some association between the benefit and obligation. Thus, claim 9 recites receiving and sending data and creating some data link. None of the limitations recite implementation details for any of these steps, but instead recite functional results to be achieved by any and all possible means. Data reception, linkage, and transmission are all generic, conventional data processing operations to the point they are themselves concepts awaiting implementation details. The sequence of data reception-transmission-linkage is equally generic and conventional. The ordering of the steps is therefore ordinary and conventional. The remaining claims merely describe data content sent and received, with no implementation details.

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 Int’l, 134 S. Ct. 2347, 2355 (2014)

(citations omitted) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept. The Examiner determines the claims directed to associating an obligation with another user. Final Act. 3.

Although the Court in *Alice* made a determination as to what the claims were directed to, we determine 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 9 does not recite what it is directed to, but the steps in claim 9 result in creating some association between an obligation and a benefit. The Specification at paragraph 4 recites that the invention relates to tracking obligations incurred between individuals that may be associated with a social network service. Thus, all this evidence shows that

claim 9 is directed to tracking obligations incurred between individuals, i.e. debt tracking. This is consistent with the Examiner's determination.

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*, the concept of debt tracking is a fundamental economic practice long prevalent in our system of commerce. The use of debt tracking is also a building block of human ingenuity in finance. Thus, debt tracking, like hedging, is an “abstract idea” beyond the scope of § 101. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. 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 debt tracking at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. 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 9, unlike the claims found non-abstract in prior cases, uses

generic computer technology to perform data reception, transmission, and linkage 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) (determining claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 9 is directed to the abstract idea of receiving, transmitting, and linking data.

The remaining claims merely describe data content sent and received. 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.

[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 “implemen[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.”

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 receive, transmit, and link 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 debt tracking as performed by a generic computer. To be sure, the claims recite doing so by advising one to send and receive messages relating the desirability and agreement of having one party assume the obligation of another and link the two. But, this is no more than abstract conceptual advice on the parameters for such debt tracking 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 33+ pages of 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 debt tracking 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 debt tracking 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.*, 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 Corp. Pty. Ltd., 134 S. Ct. at 2360.

We are not persuaded by Appellants’ argument that:

[P]ersonal financial management technology is improved for both potential parties, because they know when they can, or can’t rely on the other party to assist with expenses. Second, social networking technology is improved by the addition of such a feature to their networks. Finally, business promotion technology is improved as merchants may be able to piggy back onto such technology by supporting reporting of expenses occurred in the program to encourage business by such groupings of consumers.

Br. 5. The issue is not whether associated technologies improve as a result of the invention, but whether the invention is itself an improvement in the technology. Many technologies are improved by communications among participants, but advising such communication is an abstraction. Similarly, the instant claims recite abstract conceptual advice that perhaps has some effect, but the claims do not recite any particular technological improvement.

We are not persuaded by Appellants' argument that"

Particular, non-generic, machines/computers are necessary to implement the systems and methods of the claims. For example, a server capable of implementing the systems and methods must be able to communicate digital data with social networking sites, as well as a multitude of mobile devices which may be used by users of the methods/systems. Off-the-shelf generic computers are not capable of performing such functions, much less concurrently during an period of intense heavy transaction load as may be necessary in such industry.

Id. This argument is entirely conclusory. Appellants present no evidence that off-the-shelf generic computers are not capable of performing such functions, and these arguments appear to contend that off-the-shelf computers could not meet commercial environment needs. As such needs are not recited in the claims, this is unpersuasive.

We are not persuaded by Appellants' argument that:

Each of claims 2, 9, and 16 includes specific limitations other than what is well-understood, routine and conventional in the field, or add unconventional steps that confine the claim to a particular useful application. The Office Action admits this implicitly because these claims do not stand rejected under §102 or §103. . . . Novel and non-obvious claims, by their very

definition, must include limitations other than what is well-understood, routine, and conventional in the field, or else they wouldn't be novel and non-obvious. Because the alleged abstract idea has been labeled a fundamental economic practice by the Office Action, novelty and non-obviousness cannot lie within that portion of the claim, as fundamental economic practices are “long prevalent in our system and taught in any introductory finance class.”

Br. 5–6. That the advice recited in the claims may be novel does not affect the abstract nature of the advice. “A claim for a *new* abstract idea is still an abstract idea. The search for a § 101 inventive concept is thus distinct from demonstrating § 102 novelty.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016). The limitations Appellants refer to advise one to send and receive messages relating the desirability and agreement of having one party assume the obligation of another and link the two. This remains directed to debt tracking, a fundamental economic practice.

We are not persuaded by Appellants' argument that:

The Office Action makes no effort to analyze these claims and state any grounds for why the recitations of these claims do not amount to significantly more than the alleged abstract idea. This is contrary to the Interim Guidance which states that “[e]very claim must be examined individually, based on the particular elements recited therein, and should not be judged to automatically stand or fall with similar claims in an application.”

Br. 6. We disagree with Appellants. The Examiner indicates all claims were considered. Final Act. 2–3. Whether the Examiner summarizes the findings and determinations is not conclusive as to whether the Examiner

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considered each claim. As we determine *supra*, the remaining claims merely describe data content sent and received, with no implementation details.

CONCLUSIONS OF LAW

The rejection of claims 2–21 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

DECISION

The rejection of claims 2–21 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