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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SCOTT PORTER and QUINN BAKER

Appeal 2016-006383¹
Application 14/489,279
Technology Center 3600

Before ERIC S. FRAHM, LARRY J. HUME, and JOHN P. PINKERTON,
Administrative Patent Judges.

HUME, *Administrative Patent Judge.*

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) of the Non-Final Rejection of claims 1–20, which are all claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ "The real parties in interest in this matter are Scott Porter and Quinn Baker (hereinafter 'Scott Porter et al.' or 'Appellant'). Scott Porter et al. are the listed inventors of the instant application." App. Br. 3.

STATEMENT OF THE CASE²

The Invention

Appellants' disclosed embodiments and claimed invention relate to "[a] system [and method] for automatically tracking employee hours." Spec., Abstract; *see also* Claim App'x.

Representative Claim

Claim 1, reproduced below, is representative of the subject matter on appeal (*emphases* added to dispositive prior-art limitations):

1. A system for automatically tracking employee hours, the system comprising:
 - a tracking component configured to:
 - determine the current location of the employee;
 - determine if the current location of the employee is within a designated location; and
 - track the time spent by the employee within the designated location; and
 - an evaluation module configured to:
 - receive from the tracking component the time spent by the employee within the designated location; and
 - determine if the time spent by the employee within the designated location exceeds a predetermined threshold.*

² Our decision relies upon Appellants' Appeal Brief ("App. Br.," filed Dec. 9, 2015); Reply Brief ("Reply Br.," filed June 8, 2016); Examiner's Answer ("Ans.," mailed Apr. 8, 2016); Non-Final Office Action ("Non-Final Act.," mailed June 19, 2015); and the original Specification ("Spec.," filed Sept. 17, 2014).

Prior Art

The Examiner relies upon the following prior art as evidence in rejecting the claims on appeal:

Seubert et al. ("Seubert")	US 2008/0120129 A1	May 22, 2008
Eick	US 2012/0089920 A1	Apr. 12, 2012
Burger et al. ("Burger")	US 2012/0233044 A1	Sept. 13, 2012

Rejections on Appeal³

R1. Claims 1–20 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Non-Final Act. 2–4.

R2. Claims 1–12 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Burger and Seubert. Final Act. 5.

R3. Claim 4 stands rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Burger and Eick. Final Act. 7.

³ With respect to the prior-art Rejections R2 and R3 under § 103, the Examiner further states:

9. **Claims 13–16** recite similar limitations as claims 1–12 above. Therefore claims 13–16 are rejected under the same rationale and same basis using the previously cited references: Burger, Seubert, and Eick.

10. **Claims 17–20** recite similar limitations as claims 1–12 above. Therefore claims 17–20 are rejected under the same rationale and same basis using the previously cited references: Burger, Seubert, and Eick.

Non-Final Act. 8; *see also* Ans. 9. We note claims 13–16 and 17–20 are of different scope than claims 1–12, and further note the Eick reference was only relied upon in the rejection of independent claim 4, which does not have a corresponding claim of similar scope in claims 13–16 or 17–20. Thus, we are at a loss in understanding the specific bases for the Examiner's rejection of claims 13–16 and 17–20.

CLAIM GROUPING

Based on Appellants' arguments (App. Br. 6–10), we decide the appeal of non-statutory subject matter Rejection R1 of claims 1–20 on the basis of representative claim 1.⁴ We decide the appeal of obviousness Rejection R2 of claims 1–12 on the basis of representative claim 1; and we separately address § 103 Rejection R3, *infra*. We further address the § 103 rejection of claims 13–20, *infra*.

ISSUES AND ANALYSIS

In reaching this decision, we consider all evidence presented and all arguments actually made by Appellants. We do not consider arguments Appellants could have made but chose not to make in the Briefs, and we deem any such arguments waived. 37 C.F.R. § 41.37(c)(1)(iv).

Based upon our review of the record, we find a preponderance of the evidence supports particular arguments advanced by Appellants with respect to prior-art Rejections R2 and R3 of claims 1–20 under § 103 for the specific reasons discussed below.

However, we disagree with Appellants' arguments with respect to non-statutory subject matter Rejection R1 of claims 1–20 and, unless otherwise noted, we incorporate by reference herein and adopt as our own: (1) the findings and reasons set forth by the Examiner in the action from

⁴ "Notwithstanding any other provision of this paragraph, the failure of appellant to separately argue claims which appellant has grouped together shall constitute a waiver of any argument that the Board must consider the patentability of any grouped claim separately." 37 C.F.R. § 41.37(c)(1)(iv). In addition, when Appellants do not separately argue the patentability of dependent claims, the claims stand or fall with the claims from which they depend. *In re King*, 801 F.2d 1324, 1325 (Fed. Cir. 1986).

which this appeal is taken, and (2) the reasons and rebuttals set forth in the Examiner's Answer in response to Appellants' arguments. We highlight and address specific findings and arguments regarding claim 1 for emphasis as follows.

1. § 101 Rejection R1 of Claims 1–20

Issue 1

Appellants argue (App. Br. 2–4; Reply Br. 4–7) the Examiner's rejection of claim 1 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter is in error. These contentions present us with the following issue:

Did the Examiner err in concluding "the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more?" Non-Final Act. 2.

Analysis

Appellants first contend "[t]he interim guidance requires that the claims as a whole be considered," and "the Examiner fails to follow the interim guidance, and indeed doesn't even mention the interim guidance. Instead, Examiner offers only the conclusory statements that the claims 'include an abstract idea' and 'do not include limitations that are 'significantly more' than the abstract idea.'" App. Br. 6. Appellants go on to allege an analysis under the USPTO's Examination Guidelines App. Br. 7.

We first note we have considered these guidelines, which are based on controlling case law and USPTO policy at the time the guidelines were issued. However, PTAB applies relevant U.S. Supreme Court and the Federal Circuit case law to the facts of each patent application on appeal,

and does not rely on guidelines intended to train Patent Examiners as a controlling legal authority. We also emphasize, "[w]hether a patent claim is drawn to patent-eligible subject matter is an issue of law that is reviewed de novo." *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1331 (Fed. Cir. 2010) (citation omitted).

Alice Step 1 — Abstract Idea

Appellants argue the "Examiner does not allege, indeed cannot allege, that the current claims are similar to any of the examples provided by the USPTO in 'part two' of the abstract idea examples (which includes examples of ineligible patent claims). This is a good indication, but obviously not determinative, that the claims are patent eligible under step 2A of the interim guidance." App. Br. 7–8.

Appellants argue:

That is, claim 1 is directed to a "system" that is inextricably tied to computer technology to "track the time spent by an employee within the designated location" and determine if the total time is within designated thresholds rather than the abstract idea, for example, of "track[ing] the time spent by an employee within the designated location".

Because claim 1 is not directed to an abstract idea under the interim guidance, the interim guidance is clear that claim 1 is eligible subject matter the analysis need not proceed.

App. Br. 8–9.

Section 101 provides that anyone who "invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" may obtain a patent. 35 U.S.C. § 101. The Supreme Court has repeatedly emphasized that patent protection should

not extend to claims that monopolize "the basic tools of scientific and technological work." *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012); *Alice Corp. Pty Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014). Accordingly, laws of nature, natural phenomena, and abstract ideas are not patent-eligible subject matter. *Id.*

The Supreme Court's two-part *Mayo/Alice* framework guides us in distinguishing between patent claims that impermissibly claim the "building blocks of human ingenuity" and those that "integrate the building blocks into something more." *Alice*, 134 S. Ct. at 2354. First, we "determine whether the claims at issue are directed to a patent-ineligible concept." *Id.* at 2355. If so, we "examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 72, 79). Although the two steps⁵ of the *Alice* framework are related, the "Supreme Court's formulation makes clear that the first-stage filter is a meaningful one, sometimes ending the § 101 inquiry." *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (citations omitted). We note the Supreme Court "has not established a definitive rule to determine what constitutes an 'abstract idea'" for the purposes of step one. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016) (citing *Alice*, 134 S. Ct. at 2357).

⁵ Applying this two-step process to claims challenged under the abstract idea exception, the courts typically refer to step one as the "abstract idea" step and step two as the "inventive concept" step. *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016).

However, our reviewing court has held claims ineligible as being directed to an abstract idea when they merely collect electronic information, display information, or embody mental processes that could be performed by humans. *Elec. Power Grp.*, 830 F.3d at 1353–54 (collecting cases). At the same time, "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Mayo*, 566 U.S. at 71. Under this guidance, we must therefore ensure at step one that we articulate what the claims are directed to with enough specificity to ensure the step one inquiry is meaningful. *Alice*, 134 S. Ct. at 2354 ("[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law."(citation omitted)).

Under the "abstract idea" step we must evaluate "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*, 838 F.3d at 1257 (citation omitted).

Turning to the claimed invention, claim 1 recites "[a] system for automatically tracking employee hours." Claim 1 (preamble). System claim 1 also requires:

- a tracking component configured to:
 - determine the current location of the employee;
 - determine if the current location of the employee is within a designated location; and
 - track the time spent by the employee within the designated location; and
- an evaluation module configured to:

receive from the tracking component the time spent by the employee within the designated location; and

determine if the time spent by the employee within the designated location exceeds a predetermined threshold.

Claim 1.

The Examiner concludes the claims are directed to "TIME TRACKING AND PRODUCTIVITY SYSTEM" (Non-Final Act. 2), and also concludes "tracking employee hours is a fundamental economic practice, and thus the claims include an abstract idea." Non-Final Act. 3.⁶

Under step one, we conclude the inventions claimed in each of independent claims 1, 13, and 17 are directed to an abstract idea, i.e., a fundamental economic practice of organizing human activities pertaining to workplace time monitoring and evaluation.

As the Specification itself observes the invention is directed to:

A system for automatically tracking employee hours. The system includes a tracking component. The tracking component is configured to determine the current location of the employee, determine if the current location of the employee is within a designated location and track the time spent by the employee

⁶ In the Answer, the Examiner further concludes:

Using claims 1 and 13 as [] example[s], the claims are directed to a mathematical relationship/formula, such as "a tracking component to track employee hours, and to determine the current location of an employee". The phrase "mathematical relationships/formulas" is used to describe mathematical concepts such as mathematical algorithms, mathematical relationships, mathematical formulas, and calculations.

Ans. 2.

within the designated location. The system also includes an evaluation module. The evaluation module is configured to receive from the tracking component the time spent by the employee within the designated location and determine if the time spent by the employee within the designated location exceeds a predetermined threshold and or to be used for the purpose of billing or to monitor and improve coordination of patient care.

Abstract.

Notwithstanding the recitation of "automatically" in claims 1 and 17,⁷ we find this type of activity, i.e., tracking employee hours and locations, includes longstanding conduct that existed well before the advent of computers and the Internet, and could be carried out by a human with pen and paper. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011) ("That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.").⁸

Our reviewing court has previously held other patent claims ineligible for reciting similar abstract concepts. For example, although the Supreme Court has altered the § 101 analysis in cases like *Mayo* and *Alice*, the court continues to "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." *Synopsys, Inc. v.*

⁷ Although neither a computer nor a processor is explicitly recited in either of independent claims 1 or 17, independent claim 13 recites "a logic device" and "computer-executable instructions to be executed by the logic device." However, this does not alter our analysis under *Alice* Step 1.

⁸ *CyberSource* further guides that "a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101." *CyberSource*, 654 F.3d at 1373.

Mentor Graphics Corp., 839 F.3d 1138, 1146–47 (Fed. Cir. 2016) (alteration in original) (quoting *Elec. Power Grp.*, 830 F.3d at 1354).

In this regard, the claims are similar to claims our reviewing court has found patent ineligible in *Elec. Power Grp.*, 830 F.3d at 1353–54 (collecting information and "analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, [are] essentially mental processes within the abstract-idea category" (citations omitted.)).

Therefore, we conclude claims 1, 13, and 17 involve nothing more than collecting, storing, comparing, and transmitting data, without any particular inventive technology — an abstract idea. *See Elec. Power Grp.*, 830 F.3d at 1354. We further refer to *Content Extraction*, where the Federal Circuit has provided additional guidance on the issue of statutory subject matter by holding claims to collecting data, recognizing certain data within the collected data set, and storing that recognized data in memory were directed to an abstract idea and therefore unpatentable under § 101. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n.*, 776 F.3d 1343 (Fed. Cir. 2014).

Accordingly, on this record, and under step one of *Alice*, we agree with the Examiner's conclusion the claims include an abstract idea.

Alice Step 2—Inventive Concept

If the concept is directed to a patent-ineligible concept, as we conclude above, we proceed to the "inventive concept" step. For that step we must "look with more specificity at what the claim elements add, in order to determine 'whether they identify an "inventive concept" in the application

of the ineligible subject matter' to which the claim is directed." *Affinity Labs*, 838 F.3d at 1258 (quoting *Elec. Power Grp.*, 830 F.3d at 1353).

In applying step two of the *Alice* analysis, our reviewing court guides we must "determine whether the claims do significantly more than simply describe [the] abstract method" and thus transform the abstract idea into patentable subject matter. *Ultramarcial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014). We look to see whether there are any "additional features" in the claims that constitute an "inventive concept," thereby rendering the claims eligible for patenting even if they are directed to an abstract idea. *Alice*, 134 S. Ct. at 2357. Those "additional features" must be more than "well-understood, routine, conventional activity." *Mayo*, 566 U.S. at 79.

Appellants argue:

[C]laim 1 is directed to a "system" that is inextricably tied to computer technology to "track the time spent by an employee within the designated location" and determine if the total time is within designated thresholds rather than the abstract idea, for example, of "track[ing] the time spent by an employee within the designated location".

App. Br. 8.

Appellants further allege:

Claim 1 of the instant application marks an improvement in employee time tracking, both from the standpoint of the user and from the standpoint of the service provider, both of whom gain efficiency via the use of the claimed system. In particular, just some of the benefits recited within the specification include an employer eliminating many opportunities for employee fraud (since the tracking is done automatically), an employee not fearing that he/she won't be credited for time spend working

and ensuring that hospital personnel do not exceed statutory limits on work hours.

App. Br. 9.

Evaluating representative claim 1 under step 2 of the *Alice* analysis, we agree with the Examiner that it lacks an "inventive concept" that transforms the abstract idea of tracking employee time and location into a patent-eligible application of that abstract idea. *See* Non-Final Act. 3; *and see* Ans. 10.⁹ We agree with the Examiner because, as in *Alice*, we find the recitation of time tracking and management system is simply not enough to transform the patent-ineligible abstract idea here into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2357 ("[C]laims, which merely require generic computer implementation, fail to transform [an] abstract idea into a patent-eligible invention.").

Accordingly, based upon the findings and conclusions above, on this record, we are not persuaded of error in the Examiner's conclusion that the appealed claims are directed to patent-ineligible subject matter. Therefore, we sustain the Examiner's § 101 rejection of independent claim 1, and grouped claims 2–20 which fall therewith. *See Claim Grouping, supra*.

⁹ We agree with the Examiner that (1) the "limitations are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry" (Non-Final Act. 3), and (2) the "claimed elements are conventional steps that are being executed in a conventional way at a high level of generality using a computer system. There are no improvements to the technical field or the technology, nor are there improvements to the computer system itself. Consequently the claim is not patent eligible." Ans. 10.

2. § 103 Rejection R2 of Claims 1–12

Issue 2

Appellants argue (App. Br. 11–15; Reply Br. 7–9) the Examiner's rejection of claim 1 under 35 U.S.C. § 103(a) as being obvious over the combination of Burger and Seubert is in error. These contentions present us with the following dispositive issue:

Did the Examiner err in finding the cited prior art combination teaches or suggests "[a] system for automatically tracking employee hours" having "a tracking component configured to," *inter alia*, "determine if the time spent by the employee within the designated location exceeds a predetermined threshold," as recited in claim 1?¹⁰

Analysis

The Examiner cites Burger paragraphs 24 and 26 as teaching or suggesting the dispositive limitation. Non-Final Act. 5; Ans. 6.

Appellants contend "[n]othing in Burger et al. discusses setting a time threshold for employees or what actions to take if such a threshold is exceeded." App. Br. 11–12.

We have reviewed the portion of Burger cited by the Examiner, see no teaching or suggestion of the recited threshold therein, and therefore find Appellants' arguments to be persuasive.

Therefore, based upon the findings above, on this record, we are persuaded of at least one error in the Examiner's reliance on the cited prior

¹⁰ Appellants make further arguments, but we find this identified issue to be dispositive of the appeal of the § 103 rejection.

art combination to teach or suggest the disputed limitation of claim 1, such that we find error in the Examiner's resulting legal conclusion of obviousness. Therefore, we do not sustain the Examiner's obviousness rejection of independent claim 1, and grouped claims 2–12 which fall therewith. *See Claim Grouping, supra.*

3. Rejection R3 of Claim 4

In light of our reversal of the rejections of independent claim 1 from which claim 4 depends, we also reverse obviousness Rejection R3 under § 103 of claim 4. On this record, the Examiner has not shown how the additionally cited Eick reference overcomes the aforementioned deficiencies with Burger and/or Seubert, as discussed above regarding claim 1.

4. § 103 Rejection of Claims 13–20

The Federal Circuit has held, "the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production." *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007). The Federal Circuit stated that this burden is met by "adequately explain[ing] the shortcomings it perceives so that the applicant is properly notified and able to respond." *Id.*, at 1370. It is only "when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection" that the prima facie burden has not been met and the rejection violates the minimal requirements of 35 U.S.C. § 132. *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990).

In this case, as noted above (*see n.3, supra*), we find the Examiner has not met the necessary burden in establishing a prima facie case of unpatentability under § 103. We find the Examiner erred because claims

13–20 are of different scope than claims 1–12, and the Examiner has not showed how the different claim limitations map to the cited references.

Accordingly, we do not affirm the § 103 rejection of claims 13–20.

REPLY BRIEF

To the extent Appellants may advance new arguments in the Reply Brief (Reply Br. 4–11) not in response to a shift in the Examiner's position in the Answer, we note arguments raised in a Reply Brief that were not raised in the Appeal Brief or are not responsive to arguments raised in the Examiner's Answer will not be considered except for good cause (*see* 37 C.F.R. § 41.41(b)(2)), which Appellants have not shown.

CONCLUSIONS

(1) The Examiner did not err with respect to patent-ineligible subject matter Rejection R1 of claims 1–20 under 35 U.S.C. § 101, and we sustain the rejection.

(2) The Examiner erred with respect to obviousness Rejections R2 and R3 of claims 1–20 under 35 U.S.C. § 103(a) over the cited prior art combinations of record, and we do not sustain the rejections.

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, we affirm the Examiner's decision. *See* 37 C.F.R. § 41.50(a)(1).

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DECISION

We affirm the Examiner's decision rejecting claims 1–20.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED