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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte EMERSON P. JONES and EROL HAKANOGLU

Appeal 2016-006613
Application 10/676,297
Technology Center 3600

Before ANTON W. FETTING, BRADLEY B. BAYAT, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

BAYAT, *Administrative Patent Judge*.

DECISION ON REQUEST FOR REHEARING

Appellants filed a Request for Rehearing (“Req.”) pursuant to 37 C.F.R. § 41.52 on February 22, 2018, seeking reconsideration of our Decision on Appeal mailed December 22, 2017 (“Decision”), in which we affirmed the Examiner’s rejection of claims 1–8 and 11–13 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

A request for rehearing “must state with particularity the points believed to have been misapprehended or overlooked by the Board.” 37 C.F.R. § 41.52(a)(1). Arguments not raised in the briefs before the Board and evidence not previously relied on in the briefs also are not permitted in a request for rehearing except in limited circumstances set forth in 37 C.F.R.

§§ 41.52(a)(2) through (a)(4). Under these limited circumstances, Appellants may present a new argument based on a recent relevant decision of either the Board or a federal court; new arguments responding to a new ground of rejection designated as such under § 41.50(b) and new arguments that the Board decision contains an undesignated new ground of rejection also are permitted.

DISCUSSION

Alice Step One

Turning to the Request, Appellants first assert that “[t]he Decision overlooks the fact that the claims cannot possibly be interpreted as covering any and all forms of the abstract idea and do not preempt the use of the alleged abstract idea – the very basis for the abstract idea exception.” Req. 4 Appellants argue that claim 1 is not directed to an abstract idea because similar to *McRO*,¹ “[c]laim 1 does not ‘threaten to subsume the full scope of a fundamental concept’ such as ‘establishing or generating an agreement’.” *Id.*

Appellants’ argument is unpersuasive. An analysis of the *McRO* decision reveals that the Federal Circuit cautioned against claims like Appellants’ claim 1. In *McRO*, the Federal Circuit specified that the concern of preemption arises when a claim is directed to “the basic tools of scientific and technological work” instead of a specific invention. 837 F.3d at 1314 (quoting *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014)). The court made clear that “[t]he abstract idea exception has been applied to prevent patenting of claims that abstractly cover results where ‘it

¹ *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299 (Fed. Cir. 2016).

matters not by what process or machinery the result is accomplished.” *Id.* (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)). In *Morse*, the Supreme Court explained “[a]nd it has never, we believe, been supposed by any one, that the first inventor of a steam printing-press, was entitled to the exclusive use of steam, as a motive power, however developed, for marking or printing intelligible characters.” 56 U.S. at 112–14. Thus, our reviewing courts have cautioned against claims directed to results and to basic scientific and technological tools instead of a specific invention. The Federal Circuit in *McRO* specified: “[w]e therefore look to whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” 837 F.3d at 1314.

In *McRO*, the Federal Circuit found claim 1 prevents preemption of all processes for achieving automated lip synchronization of 3-D characters because the claim recites a rule with specific characteristics. 837 F.3d at 1315. Unlike the claim in *McRO*, claim 1 here is directed to the result of analyzing a company’s capital structure using mathematical formulas to perform calculations by invoking generic processes and computers. *See* Dec. 4–5. In contrast to claim 1 in *McRO*, which focused on a specific asserted improvement in computer animation, Appellants’ claim does not concern an improvement to computer capabilities, but instead relates to an alleged improvement in making economically based decisions, for which a computer is used as a tool in its ordinary capacity for calculating data relating to a balance sheet.

“The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason,

questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 134 S. Ct. at 2354). “Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo/Alice* framework, as in this case, preemption concerns are fully addressed and made moot.” *Id.* Yet, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*; see *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”).

We also are unpersuaded by Appellants’ assertion that the Decision overlooks the similarity between the present claims and the claims in *Trading Technologies*.² Req. 4. In *Trading Technologies*, the Federal Circuit affirmed the district court’s holding that the patented claims (which recited a method and system for displaying market information on a graphical user interface) did not simply claim displaying information on a graphical user interface and were not directed to an abstract idea; instead, the claims required “a specific, structured graphical user interface paired with a prescribed functionality directly related to the graphical user interface’s structure that is addressed to and resolves a specifically identified problem in the prior state of the art.” 675 F. App’x at 1004. Here, the claims are readily distinguishable from the claims in *Trading Technologies* because

² *Trading Technologies International Inc. v. CQG, Inc.*, 675 F. App’x 1001 (Fed. Cir. 2017) (nonprecedential).

they neither recite a graphical user interface nor do Appellants argue that the claims contain an improved user interface. *Cf.* Req. 5 (“Similarly, the instant claims relate to a framework/methodology that can account for the differences in risk between debt and equity”).

Alice Step Two

Appellants assert the Decision overlooks the recent Federal Circuit decision in *Berkheimer*³ because a finding of whether a claim element or combination of elements is well-understood, routine, and conventional to a skilled artisan in the relevant field “must be proven by clear and convincing evidence.” Req. 6.

Although the ultimate determination of eligibility is a question of law, our reviewing court recently held “[t]he patent eligibility inquiry may contain underlying issues of fact.” *Berkheimer v. HP*, 881 F.3d at 1365 (quoting *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016) (“The § 101 inquiry ‘*may* contain underlying factual issues’’)). The court in *Berkheimer* also held “[w]hen there is no genuine issue of material fact regarding whether the claim element or claimed combination is well-understood, routine, [or] conventional to a skilled artisan in the relevant field, this issue can be decided on summary judgment as a matter of law.” *Berkheimer*, 811 F.3d at 1368. Thus, evidence may be helpful where, for instance, facts are in dispute, but evidence is not always necessary. Appellants have not persuaded us that evidence is necessary in this case.

³ *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).

Dependent claims 3–8 and 12

Appellants assert that “[t]he Decision overlooks and fails to address any of the dependent claims argued separately in the appeal.” Req. 8. We have reviewed Appellants’ arguments as to dependent claims 3–8, but we are not persuaded that any of these claims are patent-eligible under 35 U.S.C. § 101. In other words, dependent claims 3–8 may limit the scope of the abstract idea to which independent claim 1 is directed but their character remains unchanged, especially given that these dependent claims provide no insight to improvements in computer functionality beyond what one would expect from using a generic computer as a tool in performing the scheme as claimed. None of these claims add anything significantly more to transform the abstract idea. For example, claim 3 provides that the calculated earnings per share values of claim 1 is applied to a financial presentation relating to a balance sheet, which further defines aspects of the abstract idea. Claim 4 recites that the iterations and calculations of claim 1 are carried out using a Monte Carlo simulation, which further defines the abstract idea by identifying a class of well-understood computational algorithms. Claims 5 and 6 describe outputting the results of the analysis based on a user request, which merely describes insignificant post-solution activity. Claim 7 defines the mathematical formula for calculating earnings per share, which describes a mental process and further defines the abstract idea. And claim 8 (similarly claim 12) recites that a conversion premium associated with the convertible security is taken into account as part of the analysis in claim 1, which defines values associated with the abstract idea of claim 1 (and 11). Thus, Appellants have not persuaded us that the Examiner erred in rejecting claims 3–8 and 12 as being directed to patent-ineligible subject matter.

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Therefore, we determine that the limitations of the dependent claims do not meaningfully limit the claims beyond the claimed abstract idea.

DECISION

Appellants' Request has been granted to the extent that we have reconsidered our Decision in light of Appellants' Request, but is denied in all other respects.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

DENIED