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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* OLIVER L. FRANKEL

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Appeal 2016-007367  
Application 13/965,068<sup>1</sup>  
Technology Center 3600

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Before BIBHU R. MOHANTY, BRUCE T. WIEDER, and  
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the Examiner's rejection of claims 46–65. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

CLAIMED SUBJECT MATTER

Appellant's invention "relates to financial derivatives and computer systems and computer-implemented methods for facilitating trading of

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<sup>1</sup> According to Appellant, the real party in interest is Goldman, Sachs & Co. (Appeal Br. 2.)

financial derivatives” and “for listing and trading improved swap futures contracts.” (Spec. 1, ll. 7–10.)

Claims 46, 54, and 62 are the independent claims on appeal. Claim 62 is illustrative. It recites:

62. A system comprising:  
a processor; and  
a non-transitory computer readable medium having processor-executable instructions, that when executed by the processor, cause the system to:  
list a futures contract, wherein said futures contract including terms that require entry into a specified swap on a specified date, wherein:  
(a) said futures contract provides that (i) a long position in said futures contract entitles a holder of the long position to receive a fixed side of the specified swap on the specified date, and (ii) a short position in said futures contract entitles a holder of the short position to receive a floating side of the specified swap on the specified date; or  
(b) said futures contract provides that (i) a short position in said futures contract entitles the holder of the short position to receive a fixed side of the specified swap on the specified date, and (ii) a long position in said futures contract entitles the holder of the long position to receive a floating side of the specified swap on the specified date; and  
receive and match orders for the futures contract; and  
provide current quotations and reports concerning open orders and trading activity regarding the futures contract.

#### REJECTION

Claims 46–65 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

## ANALYSIS

“Whoever 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 therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. Section 101, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

*Alice* applies a two-step framework, earlier set out in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355.

Under the two-step framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, then the second step of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, the Examiner determines that “[t]he claim(s) is/are directed to the abstract idea of a fundamental economic practice of facilitating listing and trading of financial derivatives.” (Final Action 4.)

Appellant disagrees and argues that claim 62 recites “a processor” and “a non-transitory computer readable medium” that cause the system to perform multiple steps. (Appeal Br. 11.) In particular, Appellant argues that the claim “recites a specific process that involves listing a specific type of futures contract, receiving and matching orders for the futures contract, and providing current quotations and reports.” (*Id.* at 12.)

We are not persuaded of error. Under step one of the *Alice* framework, we “look at 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 of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)).

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that the invention “relates to financial derivatives and computer systems and computer-implemented methods for facilitating trading of financial derivatives.” (Spec. 1, ll. 7–8.) Claim 62 recites “[a] system comprising: a processor,” and “a non-transitory computer readable medium . . . having . . . instructions, that when executed . . . cause the system to: list a futures contract,” “receive and match orders,” and “provide current quotations and reports.” In other words, the claimed system lists/displays data, receives and matches data, and provides/displays data.

Although we and the Examiner describe, at different levels of abstraction, to what the claims are directed, it is recognized that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). That

need not and, in this case does not, “impact the patentability analysis.” *See id.* at 1241.

As in *Alice*, 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 “creating a contractual relationship” in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354–55 (Fed. Cir. 2014) or the concept of “exchanging financial obligations between two parties using a third-party intermediary to mitigate risk settlement” in *Alice*, 134 S. Ct. at 2356, and the concept of facilitating the listing and trading of futures contracts or financial derivatives, at issue here. These are all squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357.

Appellant, however, argues that “[c]laim 62 contains elements beyond any mere abstract idea.” (Appeal Br. 11.) Specifically, Appellant argues that the elements recited in claim 62 “are technological aspects” of the claim, and that “these elements recite a specific process that involves listing a specific type of futures contract.” (*Id.* at 12.) We are not persuaded of error.

As an initial matter, we note that none of these limitations recite implementation details. Moreover, here, the “claims in substance [are] directed to nothing more than the performance of an abstract business practice . . . using a conventional computer. Such claims are not patent-eligible.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014).

Nor do we find persuasive of error Appellant’s argument that the claims recite “listing a specific type of futures contract.” (*See Appeal*

Br. 12.) Collecting and displaying “information, including when limited to particular content (which does not change its character as information)” is treated as being “within the realm of abstract ideas.” *Elec. Power*, 830 F.3d at 1353.

In view of the above, we are not persuaded that the Examiner erred in determining that claim 62 is directed to an abstract idea, i.e., “facilitating [the] listing and trading of financial derivatives.” (See Final Action 4.) Independent claim 46 contains similar language, and Appellant makes similar arguments. Therefore, for similar reasons we are not persuaded that the Examiner erred in determining that claim 46 is directed to an abstract idea.

Independent claim 54 recites “[a] trading system comprising: a futures exchange to list a futures contract,” “a reference data source to provide data,” “and a swaps clearing house.” Appellant argues that “[t]hese are all technological aspects of Claim 54.” (Appeal Br. 18.) Claim 54 does not recite a processor. And although Appellant argues that “these [claim] elements recite a modern technology that is necessarily dependent on computer systems” (*id.* at 18–19), Appellant does not persuasively argue why the claim language requires a computer system. Rather, under a broadest reasonable interpretation, the claimed system could be fully implemented without a computer.

With regard to Appellant’s reference to *DDR Holdings*, we are not persuaded that claim 54 is analogous to those in *DDR Holdings*. Unlike Appellant’s claim, the claims in *DDR Holdings* “specify how interactions with the Internet are manipulated to yield a desired result — *a result that overrides the routine and conventional sequence of events ordinarily*

*triggered by the click of a hyperlink.” Id. at 1258 (emphasis added).* In other words, the invention claimed in *DDR Holdings* does more than “simply instruct the practitioner to implement the abstract idea with routine, conventional activity.” *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014); *see also DDR Holdings*, 773 F.3d at 1259. Even if we agreed with Appellant that claim 54 “is necessarily dependent on computer systems” (*see* Appeal Br. 18–19), we would still not be persuaded of error as the claim would be “in substance . . . directed to nothing more than the performance of an abstract business practice . . . using a conventional computer. Such claims are not patent-eligible.” *DDR Holdings*, 773 F.3d at 1256.

In view of the above, we are not persuaded that the Examiner erred in determining that claim 54 is directed to an abstract idea.

Step two of the *Alice* framework has been described “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*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73).

Here, Appellant seeks to analogize to *Versata Development Group, Inc. v. SAP America, Inc.*, 793 F.3d 1306 (Fed. Cir. 2015). Specifically, Appellant argues that “[c]laim 62 is not rejected over any prior art, meaning the Examiner has acknowledged that Claim 62 is not a commonplace business method or a known business process.” (Appeal Br. 14.) We do not find this argument persuasive of error.

Even if the claimed techniques are “[g]roundbreaking, innovative, or even brilliant,” that is not enough for patent eligibility. *Ass’n for Molecular*

*Pathology*, 569 U.S. at 591. “The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

Taking the claim elements separately, the function performed by the computer at each step is purely conventional. Listing/displaying data, receiving and matching data, and providing/displaying data are basic computer functions. Additionally, the Specification discloses that the invention can be implemented using generic computer components. (*See, e.g.*, Spec. 12, ll. 15–16.) In short, each step does no more than require a generic computer to perform routine computer functions.

Considered as an ordered combination, the computer components of Appellant’s method add nothing that is not already present when the steps are considered separately. The claims do not, for example, purport to improve the functioning of the display device or server. Nor do they effect an improvement in any other technology or technical field. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea. That is not enough to transform an abstract idea into a patent-eligible invention. *Alice*, 134 S. Ct. at 2360. (*See* Final Action 5.)

Appellant makes similar arguments for independent claims 46 and 54. And for similar reasons, we do not find these arguments persuasive of reversible error.

Appellant separately argues dependent claims 47–53, 55–61, and 63–65. (*See* Appeal Br. 20–26.) Appellant’s arguments regarding the dependent claims are based on two basic points. First, that the recited

functions are not “commonplace business methods or known business processes.” (*See, e.g., id.* at 21.) However, as discussed above, “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diehr*, 450 U.S. at 188–89. Therefore, we do not find the argument persuasive of error.

Second, Appellant argues that “it cannot be said that the particular technique recited in [the claims] has no particular concrete or tangible form or application or is a building block or basic conceptual framework.” (*See, e.g., Appeal Br.* 21.) With regard to Appellant’s “concrete or tangible form” argument, we are not persuaded of error. The Federal Circuit

rejected the viability of the “useful, concrete, and tangible result” language of *State Street Bank & Trust Co. v. Signature Financial Group*, 149 F.3d 1368, 1373 (1998), as a test, because while such an inquiry “may in many instances provide useful indications of whether a claim is drawn to a fundamental principle or a practical application of such a principle,” it inappropriately focuses on the result of the claimed invention rather than the invention itself. *Bilski*, 545 F.3d at 959.

*In re Ferguson*, 558 F.3d 1359, 1364 (Fed. Cir. 2009).

With regard to Appellant’s “building block” argument, we understand this to be an argument rooted in a concern for preemption, i.e., that the claims are patent-eligible because they do not preempt every application of the abstract idea. We do not find this argument persuasive of error.

Preemption is not a separate test.

To be clear, the proper focus is not preemption *per se*, for some measure of preemption is intrinsic in the statutory right granted with every patent to exclude competitors, for a limited time, from

practicing the claimed invention. *See* 35 U.S.C. § 154. Rather, the animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add “significantly more” to the basic principle, with the result that the claim covers significantly *less*. *See Mayo* 132 S. Ct. at 1294 [566 U.S. at 72–73].

*CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1281 (Fed. Cir. 2013) (Lourie, J., concurring), *aff’d*, 134 S. Ct. 2347 (2014). Moreover, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). In other words, “preemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the above, we are not persuaded of reversible error.

#### DECISION

The Examiner’s rejection of claims 46–65 under 35 U.S.C. § 101 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)(1)(iv).

AFFIRMED