



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
11/529,018	09/27/2006	Mark Jeremy Melville Naylor	GOLD11-00107	8424
132787	7590	05/25/2018	EXAMINER	
Docket Clerk-GOLD P.O. Drawer 800889 Dallas, TX 75380			HAMILTON, LALITA M	
			ART UNIT	PAPER NUMBER
			3691	
			NOTIFICATION DATE	DELIVERY MODE
			05/25/2018	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

patents@munckwilson.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK JEREMY MELVILLE NAYLOR,
ALFRED NEIL FLETCHER, and
HARRY JUSTIN BARMAN

Appeal 2016-007775¹
Application 11/529,018²
Technology Center 3600

Before JOSEPH A. FISCHETTI, BIBHU R. MOHANTY, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1, 4, 6–9, and 11–26. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants' Appeal Brief ("Appeal Br.," filed December 7, 2015) and Reply Brief ("Reply Br.," filed August 15, 2016), the Examiner's Answer ("Ans.," mailed June 15, 2016), and Final Office Action ("Final Act.," mailed February 6, 2015).

² Appellants identify Goldman, Sachs & Co., as the real party in interest (Appeal Br. 2).

CLAIMED INVENTION

Appellants' claims relate generally to "a system for efficiently aggregating and processing trades having similar transactional characteristics" (Spec. 1, ll. 7–9).

Claims 1, 7, 17, 21, and 24 are the independent claims on appeal. Claim 1, reproduced below with minor formatting changes and added bracketed notations, is illustrative of the subject matter on appeal:

1. A processor-implemented method of managing commodities or securities trades, said method comprising:

[a] establishing a plurality of firm accounts, with a computer system including at least one computer processor, each firm account corresponding to at least one counterparty;

[b] for each firm account, receiving requests, via the computer system, to execute a plurality of trades;

[c] for each firm account, identifying trades with similar characteristics as related trades with the computer system, wherein said similar characteristics include trades in the same commodities or securities, with the same trade and settle dates, and of the same buy or sell type;

[d] for each firm account, aggregating, with the computer system, the related trades to create a first aggregated trade order between the firm account and an internal wash account;

[e] aggregating, with the computer system, the first aggregated trade orders to create a second aggregated trade order; and

[f] transmitting, via the computer system, the second aggregated trade order to a broker account for execution.

REJECTION

Claims 1, 4, 6–9, and 11–26 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

Non-statutory subject matter

Appellants argue the claims as a group. *See* Appeal Br. 10–18; Reply Br. 2–6. We select independent claim 1 as representative. Claims 4, 6–9, and 11–26 stand or fall with independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Alice Corp. Pty. Ltd. v. CLS Bank International, 134 S. Ct. 2347 (2014) identifies a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under § 101.

According to *Alice* step one, “[w]e must first determine whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Alice*, 134 S. Ct. at 2355.

The “directed to” inquiry [] cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions *involves* a law of nature and/or natural phenomenon—after all, they take place in the physical world. *See Mayo*, 132 S. Ct. at 1293 (“For all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.”) Rather, the “directed to” inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether “their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015); *see Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1375 (Fed. Cir. 2016) (inquiring into “the focus of the claimed advance over the prior art”).

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016). “The ‘abstract idea’ step of the inquiry calls upon us to 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) (citing *Elec. Power*

Grp., LLC v. Alstom S.A., 830 F.3d 1350, 1353 (Fed. Cir. 2016); *Enfish*, 822 F.3d at 1335.

In rejecting claim 1 under 35 U.S.C. § 101, the Examiner determines that the claims, considered as a whole, are directed to “a fundamental economic practice,” and more particularly, “are directed to managing commodities or securities and trade aggregation” (Final Act. 2). The Examiner further determines the claims “are not directed to improvements to another technology or technical fields; are not directed to improvements to the functioning of the computer itself; and are not directed to meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment” (*id.*). Thus, the Examiner concludes that “the claims are not directed to significantly more than the abstract idea itself” (*id.* at 3).

In response, Appellants argue that the Examiner has improperly over-generalized the claims as being “directed to the abstract idea of managing commodities or securities trades” (Appeal Br. 12–13, 17; *see also* Reply Br. 2–5). Appellants also argue that “[t]he technique of processing a plurality of computer trade requests with the creation and transmission of a second aggregated trade order is absolutely dependent on computer systems and a technology that did not exist before the time of computers” (Appeal Br. 13; *see also id.* at 12 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)). We cannot agree.

We are not persuaded of Examiner error by Appellants’ argument that independent claim 1, considered as a whole, is not broadly “directed to managing commodities or securities and trade aggregation” (*see* Final Act. 2; *cf.* Appeal Br. 12–13, 17; Reply Br. 2–5). In making this determination,

we note that the Specification discloses the present invention relates “to a system for efficiently aggregating and processing trades having similar transactional characteristics” (Spec. 1). According to the Specification,

[t]he present system involves conversion of a single trade into two trades, i.e., each trade between a firm account and a counterparty account is first turned into two trades. One of these two trades is a purely internal trade between the firm account and another internal account, hereinafter referred to as “wash account.” The other trade that is generated is between the wash account and the counterparty account.

(Spec. 2–3). And, taking independent claim 1 as representative, the claimed subject matter is generally directed to a “method of managing commodities or securities trades” including steps for “establishing . . . accounts,” “receiving requests . . . to execute a plurality of trades” for each account, “identifying trades with similar characteristics” for each account, “aggregating . . . related trades to create a first aggregated trade order between the firm account and an internal wash account,” for each account, “aggregating . . . the first aggregated trade orders to create a second aggregated trade order,” and “transmitting . . . the second aggregated trade order to a broker account for execution.” Thus, we agree with the Examiner that claim 1 is directed generally towards “managing commodities or securities and trade aggregation” (*see* Final Act. 2), and is similar to certain fundamental economic and conventional business practices that our reviewing courts have found patent ineligible, like intermediated settlement (*see Alice*, 134 S. Ct. at 2356–57), creating a contractual relationship in guaranteeing performance of an online transaction (*see buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352, 1355 (Fed. Cir. 2014)), “verifying the validity of a credit card transaction over the Internet” (*CyberSource Corp. v.*

Retail Decisions, Inc., 654 F.3d 1366, 1370 (Fed. Cir. 2011)), and using advertising as a currency on the Internet (*Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014)).

Furthermore, 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 risk hedging in *Bilski v. Kappos*, 561 U.S. 593, 609–10 (2010) and the concept of aggregating trades at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357. We also note that claims involving data collection, analysis, and display are directed to an abstract idea. *See Elec. Power*, 830 F.3d at 1353 (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). Here, independent claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology (*see, e.g.*, Spec. 9–13) to “receiv[e] requests,” classify, i.e., “identifying trades with similar characteristics,” analyze, i.e., “aggregating,” and present trade information, i.e., “transmitting,” 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) 1314–15 (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). Thus, independent claim 1 is directed to a patent-ineligible abstract idea.

We are also unpersuaded by Appellants' contention that the claimed invention is necessarily rooted in computer technology (Appeal Br. 15–16). We first note that the claimed invention does not address a problem unique to the Internet or computer networks. *Cf. Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1371 (Fed. Cir. 2015) (“claims here do not address problems unique to the Internet, so *DDR* has no applicability”). Here, the Specification discloses that “[t]he invention may be practiced using any conventional computer systems capable of conveying transactional information between the firm and its counterparties” (Spec. 9). The Specification merely requires that “systems must be appropriately configured to include a wash account and perform the internal aggregate trade processing steps proposed herein” (*see id.*). Here, the focus of independent claim 1 is not on any technological advancement, but rather on the performance of an abstract idea “for which computers are invoked merely as a tool.” *See Enfish*, 822 F.3d at 1336.

Turning to the second step of the *Alice* framework, rather than reciting additional elements that amount to “significantly more” than the abstract idea, the pending claims, at best, “add” only “a computer system including at least one computer processor,” i.e., a generic data processing system (*see, e.g.,* Spec. 9–10), which does not satisfy the inventive concept (*cf.* Reply Br. 4). Although the steps of independent claim 1 are “dependent on computer systems” (Appeal Br. 12), that is not sufficient to transform the abstract idea into patent-eligible subject matter. *See, e.g., DDR Holdings*, 773 F.3d at 1256 (internal quotation marks omitted) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer

exists in the physical rather than purely conceptual realm ‘is beside the point.’”).

And, similar to the situation in *Electric Power*, we find nothing sufficient to remove the claims from the class of subject matter ineligible for patenting. As the court explained in *Electric Power*, “merely selecting information, by content or source, for collection, analysis, and display does nothing significant to differentiate a process from ordinary mental processes, whose implicit exclusion from § 101 undergirds the information-based category of abstract ideas.” *Elec. Power Grp.*, 830 F.3d at 1355.

Here, Appellants argue that the claims amount to significantly more than the abstract idea because “the operations recited in Claim 1 combine to create an ordered combination that is not well-understood, routine, or conventional and that is not previously known to the industry” (Appeal Br. 16). However, Appellants’ argument provides no evidence that the argued limitations add inventiveness, as opposed to the application of conventional, well-known analytical steps. *See Ultramercial*, 772 F.3d at 716 (“[T]he claimed sequence of steps comprises only ‘conventional steps, specified at a high level of generality,’ which is insufficient to supply an ‘inventive concept.’”) (Citing *Alice*, 134 S. Ct. at 2357) (internal citations omitted). And, as the Examiner points out, the Specification discloses that “[t]he invention may be practiced using any conventional computer systems capable of conveying transactional information between the firm and its counterparties. However, such systems must be appropriately configured to include a wash account and perform the internal aggregate trade processing steps proposed herein” (Ans. 4 (citing Spec. 9)). Furthermore, there is no indication in the record that any specialized computer hardware or other

“inventive” computer components are required. Thus, independent claim 1 merely employs generic computer components to perform generic computer functions, i.e., “receiving requests,” classifying, i.e., “identifying trades with similar characteristics,” analyzing, i.e., “aggregating,” and presenting trade information, i.e., “transmitting,” which is not enough to transform an abstract idea into a patent-eligible invention.

Also, considered as an ordered combination, we are unclear as to how “computer system including at least one computer processor” adds anything that is not already present when the steps of the method are considered separately. Here, Appellants argue that “the operations recited in Claim 1 combine to create an ordered combination that is not well-understood, routine, or conventional and that is not previously known to the industry” (Appeal Br. 16; *see also* Reply Br. 4) transforms the claim into a patent-eligible application of the abstract idea.

However, Appellants do not adequately show how the claimed steps are technically done such that they are not routine, conventional functions of a generic computer. *See Intellectual Ventures*, 792 F.3d at 1370 (“Rather, the ‘interactive interface’ simply describes a generic web server with attendant software, tasked with providing web pages to and communicating with the user’s computer.”). In this regard, Appellants have not established that the claimed invention relates to a software-based invention that improves the performance of the computer system itself. And it is well-settled that “merely recit[ing] the abstract idea . . . with the requirement to perform it on the Internet, or to perform it on a set of generic computer components . . . would not contain an inventive concept.” *See Bascom*

Global Internet Servs., Inc. v. AT&T Mobility LLC, 827 F.3d 1341, 1350 (Fed. Cir. 2016).

Appellants last argue that the claims are not directed to an abstract idea because “Claim 1 is clearly not attempting to *patent* the mere concept of managing commodities and securities trades” (Appeal Br. 12). Appellants’ argument is not persuasive.

Although the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption,” *Alice*, 134 S. Ct. at 2354, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. “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). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the foregoing, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 1, and claims 4, 6–9, and 11–26, which fall with independent claim 1.

Appeal 2016-007775
Application 11/529,018

DECISION

The Examiner's rejection of claims 1, 4, 6–9, and 11–26 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