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LAW OFFICES OF MARK L. BERRIER
1715 S. Capital of Texas Hwy. Suite 200-E
Suite 200-E
AUSTIN, TX 78746

EXAMINER
NGUYEN, TAN D

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PAUL MORINVILLE

Appeal 2016-008102[1]
Application 11/003,557[2]
Technology Center 3600

Before MURRIEL E. CRAWFORD, BIBHU R. MOHANTY, and BRADLEY B. BAYAT, *Administrative Patent Judges*.

BAYAT, *Administrative Patent Judge*.

DECISION ON APPEAL

Paul Morinville (Appellant) appeals under 35 U.S.C. § 134(a) from the decision rejecting claims 1–16, 18, and 19 under 35 U.S.C. §101.[3] App. Br. 11. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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[1] Our Decision references Appellant's Appeal Brief ("App. Br.," filed May 3, 2016), Reply Brief ("Reply Br.," filed Aug. 23, 2016), the Examiner's Answer ("Ans.," mailed June 24, 2016), and the Final Office Action ("Final Act.," mailed Aug. 17, 2015).

[2] The real party in interest, as identified by Appellant, is "Paul V. Morinville" (App. Br. 4). Claim 17 is canceled (*id.* at 28 (Claims App'x)).

[3] The rejection under 35 U.S.C. § 112 is withdrawn (Ans. 2).

THE INVENTION

"The invention relates generally to systems and methods for managing complex matrixed organizations." Spec. ¶ 1. Method claim 1, computer readable storage medium claim 12, and apparatus claim 13 are the independent claims on appeal and recite substantially similar subject matter. Claim 1, reproduced below with added formatting and bracketed notations, is illustrative of the subject matter on appeal.

1. A method implemented in a computer for dynamically generating a hierarchical functional structure from a hierarchical operational structure, comprising the steps:

[(a)] providing a hierarchical operational structure of unique positions within an organization;

[(b)] associating one of a plurality of roles with each of the positions, wherein each of the roles has a corresponding major function, and wherein at least a subset of the roles is non-unique;

[(c)] identifying a first one of the positions;

[(d)] identifying positions in the hierarchical operational structure that are subordinate to the first one of the positions and that have roles which have at least one functional level in common with the role of the first one of the positions; and

[(e)] generating a hierarchical functional structure of the identified positions; and

[(f)] controlling user access to business processes based on the hierarchical functional structure;

[(g)] wherein each of the steps is automatically implemented in the computer.

ANALYSIS

Claims 1–16, 18, and 19 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Final Act. 5.

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *See, e.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014) (internal quotation marks and citation omitted).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Incorporated*, 566 U.S. 66, 82–84 (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. The first step in that analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* If the claims are not directed to a patent-ineligible concept, e.g., to an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered "individually and 'as an ordered combination"' to determine whether there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Id.* (quoting *Mayo*, 566 U.S. 66, 79, 78).

Applying the framework in *Alice*, and as the first step of that analysis, the Examiner maintains that step (a)–(e) of claim 1 are directed to generating a hierarchical functional structure from a hierarchical operational structure,

which is a method of organizing human activity and an idea of itself. Ans. 6. According to the Examiner, providing a hierarchical structure with roles and positions of an organization is an abstract idea of organizing human activity, by identifying unique positions and roles of humans in an organization. *Id.* at 6–7. As for step (f), "controlling user access to business processes based on the hierarchical functional structure," the Examiner considers this step as either insignificant post-solution activity or an abstract idea, as per *SmartGene*.[4] *Id.* at 8. Proceeding to the second step under the *Alice* framework, the Examiner finds the claim does not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional computer elements, which are recited at a high level of generality, provide conventional computer functions that do not add meaningful limits to practicing the abstract idea. *Id.* at 8–9 (citing Spec. ¶¶ 80–81, Figs 1, 2).

Responding to the Examiner's rejection, Appellant argues claims 1–16, 18, and 19 as a group. App. Br. 16–21. We select independent claim 1 as representative. Thus, claims 2–16, 18, and 19 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellant's Specification describes the invention as "systems and methods for providing an operating organization, which is generally thought of as a Profit and Loss organization or a business unit organization, and many functional organizations, which are organizations of functions like Finance, Human Resources, Legal, Customers, Vendors, etc., embedded into different business units within the operating organization." Spec. ¶ 1.

[4] *SmartGene, Inc. v Advanced Biological Labs.*, 555 Fed. Appx. 950 (Fed. Cir. 2014).

Representative claim 1 recites "[a] method implemented in a computer for dynamically generating a hierarchical functional structure from a hierarchical operational structure, comprising" six steps: (a) providing a hierarchical operational structure of unique positions…; (b) associating one of a plurality of roles with each of the positions…; (c) identifying a first one of the positions; (d) identifying positions in the hierarchical operational structure that are subordinate to the first one of the positions and that have roles which have at least one functional level in common with the role of the first one of the positions; (e) generating a hierarchical functional structure of the identified positions; and (f) controlling user access to business processes based on the hierarchical functional structure. *See* Claim 1 *supra*.

"[T]he first step in the *Alice* inquiry . . . asks whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an 'abstract idea' for which computers are invoked merely as a tool." *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

The subject matter of claim 1, as reasonably broadly construed, is drawn to a business administration concept for management of a business; that is, claim 1 is focused on a methodology of creating a functional organizational structure[5] from a hierarchical operational structure and controlling access to business processes[6] based on the created functional structure. We find the concept of organizational structure, in which an

[5] "Functional Organizations are used to manage how people and assets report to each other within a function." Spec. ¶ 26.
[6] "Companies must restrict access to certain users while allowing other users to have access to certain business processes and certain information. For example, the purchase of a computer is a business process." Spec. ¶ 5.

organization can be structured in different ways, and managing access to business processes based on an organizational structure, is a well-established business practice, and an idea with no particular concrete or tangible form. Furthermore, we find the "computer" of claim 1 is invoked merely as a tool and does not provide any specific improvement in computer capabilities. *Cf. In re TLI Communications LLC Patent Litigation*, 823 F.3d 607, 613 (Fed. Cir. 2016) (The claims' focus "was not on an improved telephone unit or an improved server."). Because we find that claim 1, as reasonably broadly construed, is directed to a business administration concept for management of a business, i.e., a conventional business practice long prevalent in our system of commerce, and that the recited "computer" is invoked merely as a tool, we determine that this is nothing more than the automation of the abstract idea.[7]

We are not persuaded of error by Appellant's contention that the claims are not directed to an abstract idea because "the limitation of *controlling user access* to business processes does not simply amount to abstract manipulation or communication of information, but instead amounts to a real-life constraint on a real user's ability to perform certain actions." App. Br. 17; *see also* Reply Br. 4–5. Indeed, our reviewing court has held certain fundamental economic and conventional business practices to be abstract ideas. *See, e.g., Accenture Global Services, GmbH v. Guidewire*

[7] *See, e.g.*, Spec. ¶ 44 ("Current systems cannot automatically make this determination without also including organizational information and other information."); Spec. ¶ 48 ("Broadly speaking, the invention comprises systems and methods for automating and increasing the efficiency of a Matrixed Organization by managing a static or tabled operating organization and creating dynamic functional organizations based on the operating organization's structure.").

Software, 728 F.3d 1336, 1344 (Fed. Cir. 2013) (generating task based rules based on an event); *Intellectual Ventures I LLC v. Capital One Bank (USA),* 792 F.3d 1363, 1370 (Fed. Cir. 2015) (tailoring information presented to a user based on specific conditions); *OIP Techs., Inc. v. Amazon.com, Inc.,* 788 F.3d 1359, 1362 (Fed. Cir. 2015) (Methods of offer-based price optimization in an e-commerce environment); *Versata Dev. Grp., Inc. v. SAP Am., Inc.,* 793 F.3d 1306, 1333 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 2510, 195 L. Ed. 2d 841 (2016) (using organizational and product group hierarchies to determine a price); *Prism Techs. LLC v. T-Mobile USA, Inc.,* No. 2016-2031, 2017 WL 2705338, at *1-2 (Fed. Cir. June 23, 2017) (non-precedential) (providing restricted access to resources.). As discussed above, the claims of the present application are directed to a business practice, which is similarly abstract.

Turning to the second step outlined in *Alice*, we agree with the Examiner that there is no inventive concept defined by an element or combination of elements in claim 1, which is significantly more than the abstract idea. The method as claimed is an application of well-known business management concept in a known computing environment. With regard to implementing said method on a computer, as claimed, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice,* 134 S. Ct. at 2358. Appellant does not persuasively explain why the claimed invention is dissimilar to the claims in *SmartGene*. The claims in *SmartGene* involved gathering information and applying "expert rules" to generate "advisory information." *SmartGene*, 555 F. App'x at 952. Our reviewing court found the claims patent-ineligible because they did "no more than call on a 'computing

device,' with basic functionality for comparing stored and input data and rules, to do what doctors do routinely." *Id.* at 954. In view of the Specification, Appellant's arguments do not apprise us of error in the rejection because Appellant has not shown how the claimed process amounts to more than comparing stored and input data and applying business rules.[8] *See, e.g.*, Spec. ¶ 4 ("Business Rules may be applied to control how the change of information is accomplished. Business rules generally manage how a given business process is accessed, who collaborates to perform the change, and who approves it and in what order it is approved."); Spec. ¶ 5 ("Business Rules may restrict access to certain users and thereby limit the type of employees who are authorized to purchase a particular computer."); Spec. ¶ 53 ("both or either of operating organization or the functional organizational structures are leveraged to cascade access, collaboration and approval rules down thru the organization thru organizational inheritance properties."); Spec. ¶ 63 ("In a preferred embodiment, the position of Org 0 in the organizational structure is defined in the system by the following rules…"); Spec. ¶ 78 ("Business rules may be set to drive from the functional organization or from the operating organization.").

[8] *See also, Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (claims reciting "generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer" not patent eligible); and *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012) ("[s]imply adding a 'computer aided' limitation to a claim covering an abstract concept, without more, is insufficient to render [a] claim patent eligible" (internal citation omitted)).

We also find unpersuasive Appellant's argument that controlling the users' access to the business processes amounts to significantly more than the abstract idea because "[t]he claims do not attempt to preempt every application of this idea and consequently do not risk disproportionately tying up the use of the idea." App. Br. 19. Indeed, the Supreme Court has explained that "the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of [the idea] to a particular technological environment." *Alice*, 134 S. Ct. at 2358. 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" (*id.* at 2354), characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption 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). Yet although "preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Id.*; *see also OIP Techs.*, 788 F.3d at 1362–63 ("[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.").

Finally, Appellant argues the Examiner's assertion that the claims lack an inventive concept is "contradicted by the Examiner's withdrawal of the previous rejections under 35 U.S.C. § 102." App. Br. 20. Appellant's

argument does not persuade us of Examiner error. Although the second step in the *Alice* analysis includes a search for an inventive concept, the analysis is not an evaluation of novelty or nonobviousness, but rather, a search for "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 (quoting *Mayo*, 132 S. Ct. at 1294). A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 132 S. Ct. at 1304. Further, "under the *Mayo/Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility." *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016).

Accordingly, we sustain the rejection of independent claim 1 as being directed to patent ineligible subject matter, including claims 2–16, 18, and 19 which fall with claim 1.

DECISION

For the foregoing reasons, we affirm the decision of the Examiner to reject claims 1–16, 18, and 19 under 35 U.S.C. § 101.

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