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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/613.662	09/13/2012	Timothy H. Heaton	01-1060-C8	9964

63710 7590 03/26/2018  
INNOVATION DIVISION  
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EXAMINER
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PATEL, JAGDISH

ART UNIT	PAPER NUMBER
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3696

NOTIFICATION DATE	DELIVERY MODE
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03/26/2018

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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* TIMOTHY H. HEATON and HOWARD W. LUTNICK

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Appeal 2016-008238  
Application 13/613,662  
Technology Center 3600

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Before ERIC B. CHEN, JON M. JURGOVAN, and  
ADAM J. PYONIN, *Administrative Patent Judges*.

CHEN, *Administrative Patent Judge*.

DECISION ON APPEAL

This is an appeal under 35 U.S.C. § 134(a) from the final rejection of claims 1, 3–16, and 18–20. Claims 2, 17, and 21 have been cancelled. We have jurisdiction under 35 U.S.C. § 6(b). We affirm.

STATEMENT OF THE CASE

Appellants' invention relates to a computer based system for electronically collecting market information (§ 6), such as real estate indices (§ 50).

Claim 1 is exemplary:

1. An apparatus comprising:

a computing device; and

a non-transitory medium having stored thereon a plurality of instructions that when executed by the computing device cause the apparatus to:

in response to receiving each of a first and a second user-specified region from one or more users, compile respective first and second data that indicates values of a first plurality of instances of real estate located in the first user-specified region and a second plurality of instances of real estate located in the second user-specified region, in which the second user specified region includes at least a part of the first user-specified region; and

determine and transmit a first value of a first index based on the first data associated with the first user-specified region and a second value of a second index based on the second data associated with the second user-specified region.

Claims 1, 3–16, and 18–20 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

### *§ 101 Rejection*

We are unpersuaded by Appellants’ arguments (App. Br. 6–8; *see also* Reply Br. 2–3) that independent claims 1 and 13 comply with 35 U.S.C. § 101 as statutory subject matter.

The Examiner found that “[t]he phrase ‘an idea of itself’ describes an idea standing alone such as an uninstigated concept, plan or scheme, as well as a mental process (thinking) that can be performed in the human mind or by a human using a pen and paper” (Ans. 4) and as such, claim 1 “describe[s] a concept of a mental process that can be performed mentally or using a pen and paper” (*id.* at 5). Moreover, the Examiner found that “the

presence of the generic computer and performing the claimed process on the generic computer does not transform the abstract idea into a patent eligible invention.” (Final Act. 5; *see also* Ans. 6.) We agree with the Examiner’s findings and conclusions.

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision 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); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature, natural phenomena, or an abstract idea, by itself, is not patentable, the application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–72 (2012). In *Mayo*, the Court stated that “to transform an unpatentable law of nature into a patent-eligible *application* of such a law, one must do more than simply state the law of nature while adding the words ‘apply it.’” *Mayo*, 566 U.S. at 72.

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* “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 the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a

patent-ineligible concept, then the second step in the analysis is to consider the elements of the claims “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. at 79, 78). In other words, the second step is to “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.’” *Id.* (alteration in original) (quoting *Mayo*, 566 U.S. at 72–73). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* at 2357 (alteration in original) (quoting *Mayo*, 566 U.S. at 77–78). The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post[-]solution activity.” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (internal quotation marks omitted). The Court in *Alice* noted that “[s]imply appending conventional steps, specified at a high level of generality,’ was not ‘*enough*’ [in *Mayo*] to supply an ‘inventive concept.’” *Alice*, 134 S. Ct. at 2357 (quoting *Mayo*, 566 U.S. at 82–83, 77–78, 72–73).

*Step one: Are the claims at issue directed to a patent-ineligible concept?*

Claim 1 is an apparatus claim, which recites “a non-transitory medium having . . . instructions” for performing several steps, each of which can be performed in the human mind or by a human using pen and paper.

The first step, “compile respective first and second data that indicates values of . . . real estate located in the first user-specified region and . . . real

estate located in the second user-specified region” can be performed manually by a human using pen and paper. In particular, a person can perform a public records search of real estate values in a selected neighborhood, a surrounding neighborhood, and record the result of the search using pen and paper. The second step, “determine and transmit a first value of a first index based on . . . the first user-specified region and a second value of a second index based on . . . the second user-specified region” can also be performed by a human using pen and paper. In particular, a person can calculate, using pen and paper: (i) a first value index for only the real estate in the selected neighborhood based on the public records search; and (ii) a second value index for real estate in the selected neighborhood and the surrounding neighborhood based on the public records search.

Because all the instructional steps of claim 1 can either be performed by human thought alone, or by a human using pen and paper, claim 1 is directed to a patent-ineligible abstract idea. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011) (“[U]npatentable mental processes” include “steps [that] can be performed in the human mind, or by a human using a pen and paper.”). Claim 13, a corresponding method claim, recites limitations similar to those discussed with respect claim 1. Thus, claim 13 is also directed to a patent-ineligible abstract idea.

*Step two: Is there something else in the claims that ensures that they are directed to significantly more than a patent-ineligible concept?*

Because claims 1 and 13 are directed to an abstract idea, the question to be settled next, according to *Alice*, is whether claims 1 and 13 recite an

element, or combination of elements, that is enough to ensure that the claims are directed to significantly more than an abstract idea.

Claim 1 is an apparatus claim, which includes “a computing device” and “a non-transitory medium.” Claim 13 is a corresponding method claim that includes “a processor.” The claimed hardware components, including “a computing device” and “a memory,” are generic, purely conventional computer elements. (*See, e.g.*, Spec. ¶ 26.) Thus, the claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities. Appending various combinations of a conventional “processor” and “memory” to an abstract idea is not enough to transform the idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2358 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”).

First, Appellants argue that “the Examiner has failed to show that the alleged abstract idea of ‘determining real-estate indices associated with specified regions’ is actually an abstract idea.” (App. Br. 7; *see also* Reply Br. 2–3.) In particular, Appellants argue that “[n]o such evidence [determining such indices was so fundamental] was presented nor was such an allegation made.” (App. Br. 6.) Contrary to Appellants’ arguments, the Examiner has identified the appropriate judicial exception of “an idea ‘of itself,’” which includes activities performed in the human mind or by a human using a pen and paper. Appellants have provided insufficient arguments as to why the judicial exception of “an idea ‘of itself’” is improper.

Second, Appellants argue that

[t]he Examiner has provided no evidence that this limitation [“in response to receiving each of a first and a second user-specified region from one or more users, compile respective first and second data that indicates values of a first plurality of instances of real estate located in the first user specified region and a second plurality of instances of real estate located in the second user-specified region, in which the second user-specified region includes at least a part of the first user-specified region”] is purely conventional or that it amounts to “nothing more than requiring a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.”

(App. Br. 7; *see also* Reply Br. 3.) However, as discussed previously, the Examiner correctly identified the appropriate judicial exception with respect to this disputed limitation under part one of the *Alice* test, rather than part two of the *Alice* test, as argued by Appellants. In other words, Appellants are improperly conflating part one of the *Alice* test with part two of the *Alice* test, because this limitation does not recite any computer hardware elements.

Third, Appellants argue that “the Examiner does not allege that these limitations lack novelty or are obvious in view of the prior art” and “[a]s such, the Examiner admits that these limitations are novel and non-obvious.” (Reply Br. 3.) Accordingly, Appellants argue, “[t]o be novel and non-obvious, these claims must then add something significantly more to an abstract idea that the Examiner alleges is a fundamental economic practice.” (*Id.*) However, even if Appellants are correct that claim 1 is distinguishable over the prior art, “[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.” *Intellectual Ventures I LLC v. Symantec Corp.*,

838 F.3d 1307, 1315 (Fed. Cir. 2016) (quoting *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981)).

Last, Appellants argue that “similar to the claims in *DDR Holdings*, these claims solve a problem rooted in computer technology to improve functionality that arises from the realm of computer systems and networks by adding an ability of users to view real estate indices for their own specified regions.” (App. Br. 7.) In particular, Appellants argue that “[c]ompiling the information according to user specified regions allows a user to make sense and use of this potentially vast amount of information in a way that is tailored to their needs.” (*Id.* at 8.) However, other than providing a conclusory statement that “these claims solve a problem rooted in computer technology to improve functionality that arises from the realm of computer systems and networks,” Appellants have not adequately explained why the claims overcome a problem that specifically arises in computer technology. In particular, Appellants have not explained how “adding an ability of users to view *real estate* indices for their own specified regions” is a problem rooted in computer technology. (*Id.* at 7 (emphasis added).)

Thus, we agree with the Examiner that claims 1 and 13 are directed towards non-statutory subject matter.

Accordingly, we sustain the rejection of independent claims 1 and 13 under 35 U.S.C. § 101. Claims 3–12, 14–16, and 18–20 depend from independent claims 1 and 13. We sustain the rejection of claims 3–12, 14–16, and 18–20 under 35 U.S.C. § 101 for the same reasons discussed with respect to independent claims 1 and 13.

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DECISION

The Examiner's decision rejecting claims 1, 3–16, and 18–20 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