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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAMES DAVID RUSSELL BARRY[1]

Appeal 2016-008408
Application 13/918,396
Technology Center 3600

Before BRADLEY W. BAUMEISTER, STACEY G. WHITE, and MICHAEL M. BARRY, *Administrative Patent Judges.*

BAUMEISTER, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–20, which constitute all the claims pending in this application. App. Br. 5.[2] We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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[1] Appellant lists Chicago Mercantile Exchange Inc. as the real party in interest. Appeal Brief 2, filed December 8, 2018 ("App. Br.").

[2] Rather than repeat the Examiner's positions and Appellant's arguments in their entirety, we refer to the above mentioned Appeal Brief, as well as the following documents for their respective details: the Final Action mailed April 8, 2015 ("Final Act."); the Examiner's Answer mailed July 5, 2016 ("Ans."); and the Reply Brief filed September 6, 2016 ("Reply Br.").

STATEMENT OF THE CASE

Appellant describes the present invention as follows:

> The disclosed embodiments relate to an interface in which a countdown timer is provided to facilitate financial instrument trading. The countdown timer may provide a visual indicator to a broker or other market participant. The countdown timer may display a time relative to a deadline for reporting a price of a financial instrument agreed to in a trade. The countdown timer may help traders meet an obligation to submit price data to the Exchange for trades, such as block trades, within a certain timeframe of the transaction being executed or finalized.

Spec. ¶ 9.

Independent claim 1, reproduced below, illustrates the appealed claims:

> 1. A computer implemented method of facilitating a financial instrument transaction involving a market participant, the method comprising:
>
> generating, at a display device of a computer in communication with an exchange computer system via a communication network, a first interface for the market participant configured for entry of data indicative of the financial instrument transaction;
>
> capturing, at the computer, data indicative of a timing at which the financial instrument transaction is finalized based on the data entered via the first interface;
>
> determining, with a processor of the computer, a timeframe for reporting a price of the financial instrument transaction to the exchange computer system, the timeframe being based on the data indicative of the timing; and
>
> generating, at the display device, a second interface for the market participant in which a timer is displayed, the timer being configured to display a time relative to the timeframe.

Claims 1–20 stand rejected under 35 U.S.C. § 101 as being directed to patent ineligible subject matter. Final Act. 4–5.

Claims 1–20 stand rejected under 35 U.S.C. § 103(a) as obvious over Alderucci (US 2010/0191638 A1; published July 29, 2010) and Keith (US 7,769,672 B2; issued Aug. 3, 2010).[3] Final Act. 6–9.

We review the appealed rejections for error based upon the issues identified by Appellant, and in light of the arguments and evidence produced thereon. *Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential).

THE PATENT-INELIGIBLE-SUBJECT-MATTER REJECTION

Examiner Findings

The Examiner determines that the claims are directed to the abstract idea of determining a timeframe for reporting to an exchange, a price of a financial instrument (Ans. 4), as well as the additional abstract idea of using an alert or reminder, such as a conventional computer or stopwatch, to aid in complying with the determined reporting requirement (*id.* at 6). According to the Examiner, these abstract ideas can be characterized as a fundamental economic practice and a method of organizing human activity. Final Act. 2. The Examiner also determines that the claims do no recite limitations that amount to "significantly more" than the abstract idea. Ans. 4; Final Act. 5.

[3] The heading of the obviousness rejection states that only claims 1, 2, 4–11, and 13–20 are rejected (Final Act. 6), but the body of the rejection indicates that claims 3 and 12 are rejected, as well (*id.* at 7, 8). Accordingly, we understand all of claims 1–20 to be subject to the obviousness rejection.

Principles of Law

In determining whether the claims set forth patent eligible subject matter under 35 U.S.C. § 101, we first must determine whether the claims at issue are directed to laws of nature, natural phenomena, or abstract ideas. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714 (Fed. Cir. 2014). In considering whether a claim is directed to an abstract idea, we acknowledge, as did the Court in *Mayo*, that "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012). We, therefore, look to whether the claims 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 otherwise merely invokes generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

If the claims are directed to an abstract idea, we then must consider whether the claim contains an element or a combination of elements that is sufficient to transform the nature of the claim into a patent-eligible application. *Ultramercial*, 772 F.3d at 714; *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S. Ct. 2347, 2355 (2014).

> In applying step two of the Alice analysis, we must "determine whether the claims do significantly more than simply describe [the] abstract method" and thus transform the abstract idea into patentable subject matter. . . . We look to see whether there are any "additional features" in the claims that constitute an "inventive concept," thereby rendering the claims eligible for patenting even if they are directed to an abstract idea. . . . Those "additional features" must be more than "well-understood, routine, conventional activity."

Intellectual Ventures I LLC v. Erie Indemnity Co., 850 F.3d 1315, 1328 (Fed. Cir. 2017) (citations omitted).

"[C]laims [that] merely require generic computer implementation[] fail to transform [an] abstract idea into a patent-eligible invention." *Id.* (first and fourth alterations in original) (citing *Alice*, 134 S. Ct. at 2357).

Contentions and Analysis

Appellant first argues that the rejection under § 101 is premised upon an improper characterization of the claimed invention. App. Br. 5. Appellant asserts that the rejection characterizes the invention as being "directed to either producing an investment product . . . or facilitating a financial instrument transaction." *Id.* (citing Final Act. 2, 4). Appellant alleges that the rejection disregards the reporting-timeframe aspect of the claimed invention and fails to provide a rationale for so disregarding this aspect. App. Br. 5.

Appellant's argument is unpersuasive because the Examiner did not disregard the reporting-timeframe aspect of the claimed invention. *See* Final Act. 2. ("The claims are drawn to producing an investment product[,] which is considered to be an abstract idea inasmuch as such activity is considered both a fundamental economic practice *and a method of organizing human activity by generating a first interface, capturing data, determining a timeframe, and generating a second interface*") (emphasis added); Ans. 4 ("Claim[s] 1-20 are directed to the abstract idea of determining a timeframe for reporting a price of the financial instrument to the exchange").

Appellant next argues that

> [t]he present claims are not directed to a fundamental economic practice, [. . . but] instead recite specific, non-conventional activity involving (i) capturing a timing at which a financial

> instrument transaction is finalized, and (ii) a timeframe for reporting a price of the financial instrument transaction to an exchange computer system.

App. Br. 6. Appellant asserts that the rejection lacks "[a] rationale establishing that the timing capture and transaction price reporting timeframe aspects of the claimed invention are fundamental economic practices." *Id.*

This argument also is unpersuasive for the same reason: The Examiner does not premise the rejection on the theory that these aspects of the claimed invention constitute a fundamental economic practice. The Examiner determines these aspects to constitute a method of organizing human activity (Final Act. 2; Ans. 4), and Appellant does not present arguments regarding this determination (*see generally* App. Br.; Reply Br.).

Appellant lastly asserts in relation to the § 101 rejection that "the claimed invention provides 'significantly more' than the judicial exception itself." App. Br. 7. In support of this general assertion, Appellant first argues that (1) capturing a timing at which a financial instrument transaction is finalized, as well as (2) determining a timeframe for reporting a price to an exchange computer system, amounts to significantly more than merely facilitating transactions. *Id.* at 6–7. This argument is unpersuasive because it does not address the Examiner's position that these aspects constitute a method of organizing human activity.

Appellant next argues that "the claimed invention improves upon the functioning of the computer." *Id.* at 7.

> For example, the computations and/or data storage of an exchange computer system are simplified via the timing data capture and timeframe determination of the claimed invention. The processing time of the exchange computer system may thus

> be improved. One example of improved processing time involves reducing the processing demands placed upon an order books module of the exchange computer system. As explained in paragraph [0035] of the present application, implementing the claimed invention may avoid the management of block trades and other transactions solely at the exchange computer system. The use of another computing system for the timing data capture and timeframe determination allows the exchange computer system to devote processing time and resources to other exchange functions (paragraph [0035]). Reliance upon the resources of the other system also reduces the load on the communication network via which the system communicates with the exchange computer system.

App. Br. 7–8.

This argument is unpersuasive. Paragraph 35 of Appellant's Specification does say that the invention "may be implemented as a centrally accessible system or as a distributed system." But Appellant provides insufficient evidence that Appellant invented or improved the functioning of distributed computing systems. Appellant's Specification instead appears to indicate that Appellant's invention can be practiced with conventional distributed computing systems, and doing so would allow one to leverage the well-known advantages commonly associated with conventional distributed computing systems. *See, e.g.*, Spec. ¶¶ 21–24.

THE OBVIOUSNESS REJECTION

Findings and Contentions

The Examiner finds that Alderucci discloses all of the limitations of independent claim 1 with two exceptions. Final Act. 6. Specifically, the Examiner finds that Alderucci

> does not explicitly teach generating a first interface <u>in communication with an exchange computer system</u>; and

> determining, with a processor of the computer, a timeframe for reporting a price of the financial instrument transaction to the exchange computer system, the timeframe being based on the data indicative of the timing.

Id. at 6–7. The Examiner further finds that Keith teaches these missing limitations, and that motivation existed to combine those teachings of Keith with the teachings of Alderucci. *Id.* at 7.

Appellant argues, *inter alia*, that neither Keith nor Alderucci teaches the step of determining a timeframe for reporting a price of the financial instrument transaction to the exchange computer system. App. Br. 8–9. According to Appellant, "Keith refers to reporting order pairings without disclosing or suggesting a timeframe for reporting a price, much less an interface in which a timer displays a time relative to the timeframe." *Id.* at 9 (citing Keith, col. 13, l. 57–col. 14, l. 3).

> The portions of Keith cited in the Office Action also fail to disclose or suggest a timeframe determination and interface as claimed. Columns 59-63 of Keith describe the reporting of pairings by an order umpire, including reporting a "pairing time" (see, e.g., col. 60, line 8). Even if the pairing time is reported. . . , a timeframe for reporting the price of a transaction is not determined. . . . There is no disclosure or suggestion in Keith that the order umpire has a responsibility to report pairings within a given timeframe. Without the reporting timeframe, it follows that Keith also lacks an interface in which a timer is displayed to display a time relative to the timeframe.

App. Br. 9.

In the Examiner's Answer, the Examiner responds to Appellant's arguments regarding the teachings of Keith by shifting position and newly proposing that the timeframe-for-reporting limitation is taught by Alderucci: "In Alderucci the transaction is finalized when the counterpart accepts the bid/offer. Therefore, the clock in Alderucci represents how much time the

counterpart has to accept the bid/offer and if the counterpart accepts the bin/offer, the price is reported to the exchange." Ans. 7 (citing Alderucci ¶¶ 127, 137, 142, 163, 165).

Referencing arguments initially presented in the Appeal Brief, Appellant reasserts that Alderucci does not teach the timeframe-for-reporting limitation:

> (1) Alderucci is instead directed to order matching, order acceptance, and order fulfillment, and (2) the time periods referenced therein instead "relate to how long a trader has to accept, match, or fulfill the order."... The Examiner's Answer fails to refute these positions, and continues to conflate an offer with a completed transaction.

Reply Br. 7 (citing App. Br. 8).

Analysis

Due to the Examiner's change in position between the Final Action and Examiner's Answer, it is unclear whether the Examiner is relying on Alderucci or Keith for teaching the claimed step of determining a timeframe for reporting a price of the financial instrument transaction to the exchange computer system, based on the data indicative of the timing of the transaction finalization. Regardless, Appellant's arguments persuade us that neither Alderucci nor Keith teaches or suggests this claimed step.

Alderucci's shot clock, for example, places restrictions on further trading action during a period of time after transmission and/or receipt of trading orders. Alderucci ¶ 305. The passages cited by the Examiner (*see* Ans. 7 (citing Alderucci ¶¶ 127, 137, 142, 163, 165)) relate to executing transactions—not to reporting the transactions' execution after the fact. Likewise, the cited passages of Keith (Final Act. 7 (citing col. 13, ll. 47–61;

cols. 59–63)) do not teach or suggest determining a timeframe for the required reporting of the transaction.

Accordingly, we do not sustain the obviousness rejection of independent claim 1, or of claims 2–20, which either depend from claim 1 or otherwise include similar limitations regarding the determining of the timeframe reporting.

CONCLUSIONS

Appellant has not shown that the Examiner erred in rejecting claims 1–20 under 35 U.S.C. § 101.

Appellant has shown that the Examiner erred in rejecting claims 1–20 under 35 U.S.C. § 103.

DECISION

The Examiner's decision rejecting claims 1–20 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED