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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte LLOYD ALTMAN

Appeal 2017-000471¹
Application 12/698,774²
Technology Center 3600

Before MURRIEL E. CRAWFORD, BIBHU R. MOHANTY, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1, 2, 5–22, 26–28, and 37–40. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellant’s Appeal Brief (“Appeal Br.,” filed March 28, 2016), Reply Brief (“Reply Br.,” filed October 11, 2016), the Examiner’s Answer (“Ans.,” mailed August 8, 2016), and Final Office Action (“Final Act.,” mailed November 27, 2015).

² Appellant identifies Accenture Global Services Limited as the real party in interest. Appeal Br. 2.

CLAIMED INVENTION

Appellant's claims "are generally related to bond trading and securities trading" (Spec. ¶ 1).

Claims 1, 10, 20, and 37 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A non-transitory computer-readable storage medium having stored thereon, computer executable instructions that, if executed by a computer system comprising a processor and memory, cause said computer system to perform a method comprising:

[a] creating a to-be-announced (TBA) bond contract with a TBA bond contract selling module executed by said processor, wherein said TBA bond contract represents a class of bonds to be delivered upon settlement of said TBA bond contract and comprises a general description of said class of bonds without identifying individual bonds;

[b] receiving, by said processor at said computer system, a request to purchase said TBA bond contract, said request initiated by a buyer, where said TBA bond contract is selected by said buyer from a list of TBA bond contracts presented to said buyer via a first graphical user interface, wherein said TBA bond contract is sold to said buyer in response to said request;

[c] registering, using said processor, the purchase of said TBA bond contract by said buyer with a clearing entity;

[d] receiving, by the processor at said computer system, a request to post a first collateral for said TBA bond contract to said clearing entity prior to settlement of said TBA bond contract, where an amount of the first collateral requested is based on a price of said TBA bond contract;

[e] posting collateral electronically to said clearing entity in response to said request to post a first collateral for said TBA bond contract;

[f] receiving, by the processor at said computer system, a request to sell said TBA bond contract, said request to sell initiated by said buyer, where said TBA bond contract is selected

by said buyer based on said general description of said TBA bond contract via a second graphical user interface presented to said buyer, wherein said TBA bond contract is purchased from said buyer in response to said request;

[g] registering, using said processor, the sale of said TBA bond contract by said buyer with said clearing entity;

[h] transmitting, by the processor at said computer system, a request to said clearing entity prior to settlement to post a second collateral for said TBA bond contract, where an amount of the second collateral requested is based on said price of said TBA bond contract;

[i] receiving collateral electronically from said clearing entity in response to said request to post a second collateral for said TBA bond contract;

[j] transmitting an alert to said buyer, by said processor at said computer system, alerting said buyer as to when said TBA bond contract is going to settle;

[k] upon settlement of said purchase of said TBA bond contract, receiving, by said processor at said computer system, a notification of specific bond identifiers represented by said TBA bond contract, wherein said specific bond identifiers identify individual bonds to be used to settle said TBA bond contract; and

[l] receiving, electronically, at said computer system, said individual bonds identified by said specific bond identifiers to settle said TBA bond contract.

REJECTION

Claims 1, 2, 5–22, 26–28, and 37–40 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

Patent-Ineligible Subject Matter

Appellant argues claims 1, 2, 5–22, 26–28, and 37–40 as a group (Appeal Br. 8–18; Reply Br. 2–6). We select independent claim 1 as

representative. The remaining claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth 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 Corp.*, 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., 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. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.”

McRO, Inc. v. Bandai Namco Games Am., Inc., 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

Appellant argues that the Examiner’s rejection is in error because the Examiner fails to establish a prima facie case of subject matter ineligibility (*see* Appeal Br. 11–13; *see also* Reply Br. 2–3, 5–6). Appellant’s argument is not persuasive.

In rejecting the pending claims under 35 U.S.C. § 101, the Examiner analyzes the claims using the *Mayo/Alice* two-step framework (*see, e.g.*, Final Act. 2–8; Ans. 2–15). Here, the Examiner maintains that the claims are directed to “a series of steps instructing how to buy and sell bonds which is a fundamental economic practice and thus an abstract idea.” (Final Act. 7). The Examiner maintains that “[t]he claims were analyzed including all of the limitations. The limitations just further limit the abstract idea itself and are abstract themselves” (Ans. 7). The Examiner also determined that the claims do not include additional elements or a combination of elements that are sufficient to amount to significantly more than the judicial exception (Final Act. 7–8; Ans. 8–15). The Examiner, thus, has clearly followed the two-part framework specified by the Supreme Court in *Mayo/Alice* consistent with Office guidelines.

In this regard, the Examiner has articulated the reasons for the rejection and has notified Appellant of the reasons for the rejection “together with such information and references as may be useful in judging of the propriety of continuing the prosecution of [the] application.” 35 U.S.C. § 132. And we find that, in doing so, the Examiner sets forth a prima facie case of subject matter ineligibility. *See In re Jung*, 637 F.3d 1356, 1362

(Fed. Cir. 2011); *Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (Section 132 “is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection.”).

We also agree with the Examiner that under step one of the framework set forth in *Mayo/Alice*, the claimed invention is directed broadly to “a series of steps instructing how to buy and sell bonds which is a fundamental economic practice and thus an abstract idea” (Final Act. 7), 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 an intermediated settlement in *Alice* and the concept of buying and sell bonds 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. Here, independent claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology (*see, e.g.*, Spec. ¶ 69 (describing “an exemplary system module for implementing embodiments

includes a general purpose computing system environment, such as computing system environment 700.”); *see also id.* ¶¶ 70–74), and does not focus on a “specific improvement to the way computers operate” (*see, e.g., Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016)) or recite an improvement to a particular computer technology. *See, e.g., McRO*, 837 F.3d at 1314–15 (determining claims not abstract because they “focused on a specific asserted improvement in computer animation”).

Equally unpersuasive is Appellant’s argument that this conclusion may only be reached based on the Examiner’s “unsupported overgeneralizations” (Appeal Br. 11–13 (citing *Google Inc. v. SimpleAir Inc.*, CBM 2014-00170, 2015 WL 331089 (PTAB Jan. 22, 2015); *see also* Reply Br. 2–3). At the outset, we note that *Google* is a non-precedential Board decision denying institution of a covered business method patent review, and, as such, is not binding on this panel. Nonetheless, we are not persuaded by the analogy Appellant attempts to draw.

In *Google*, the Petitioner advanced arguments that did not align with the language of the claims and, as such, the Board found that Petitioner’s arguments did not show that the challenged claims were more likely than not patent-ineligible under 35 U.S.C. § 101. *See, e.g., Google*, 2015 WL 331089, at *10 (“Petitioner does not explain sufficiently how the challenged claims allegedly relate to the abstract idea of packaging and routing information as part of a subscription service. This is particularly true when none of the challenged claims recite[] a ‘subscription service’ at all”); *see also id.* (describing flaws in Petition’s analogy of the challenged claims to conventional periodical publication delivery). Here, Appellant has not

shown there to be a similar deficiency in the Examiner’s analysis. Thus, independent claim 1 is directed to a patent-ineligible abstract idea.

Turning to the second step of the *Mayo/Alice* framework, rather than reciting additional elements that amount to “significantly more” than the abstract idea, exemplary independent claim 1, at best, adds only a “processor,” “memory,” and “graphic user interface,” i.e., “a general purpose computing system environment, such as computing system environment 700.” (*see, e.g.*, Spec. ¶ 69), which lacks an inventive concept. Thus, we agree with the Examiner that exemplary independent claim 1 does not include additional elements alone or in combination that are sufficient to amount to significantly more than the abstract idea. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (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.’”).

We agree with the Examiner that “[c]laiming a computer system to facilitate creation and trading of bonds using a general purpose computer is not significantly more” (Ans. 11) and each of the steps of independent claim 1 “merely instructs the practitioner to implement the abstract idea with ‘routine, conventional activit[ies],’ which is insufficient to transform the patent-ineligible abstract idea into patent eligible subject matter” (Final Act. 4–5 (emphases omitted)). In contrast, Appellant argues

the claims go far beyond merely reciting “a series of steps instructing how to buy and sell bonds” and instead define a patent-eligible application of the idea, as the claimed invention provides a more efficient machine for buying and selling bonds

that enables the trading of to-be-announced (TBA) bond contracts, resulting in increased liquidity within the bond market. (Appeal Br. 9; *see also* Reply Br. 3). However, we find that the “improvement” to which the Appellant refers is a business improvement rather than an improvement to a technological or technical field. *See Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1334 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 2510, 195 L. Ed. 2d 841 (2016) (finding that the “claims recit[ed] a commonplace business method aimed at processing business information despite being applied on a general purpose computer.”); *see also Alice*, 134 S. Ct. at 2359.

Here, as the Examiner points out (*see, e.g.*, Ans. 11), there is no indication in the record that “a more efficient machine for trading bonds” or any other specialized computer hardware is required, or evidence that the programming related to this “improvement” would entail anything atypical from conventional programming. Instead, the Specification discloses utilizing conventional computer components (*see* Spec. ¶¶ 69–74). *See Bancorp Services v. Sun Life*, 687 F.3d 1266, 1278, (Fed. Cir. 2012) (“The computer required by some of Bancorp’s claims is employed only for its most basic function, the performance of repetitive calculations, and as such does not impose meaningful limits on the scope of those claims.”).

And, considered as an ordered combination, the computer components of Appellant’s independent claim 1 add nothing that is not already present when the limitations are considered separately. Viewed as a whole, Appellant’s independent claim 1 simply recites “a series of steps instructing how to buy and sell bonds which is a fundamental economic practice and thus an abstract idea” (Final Act. 7) using a computer. The claims do not, for example, purport to improve the functioning of the computer itself. 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 of buying and selling bonds (Final Act. 7), which under our precedents, is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

Appellant further argues that the claims amount to “significantly more” than an abstract idea because they are “[s]imilar to the claims directed to distributing unconventional coupons in” the non-Precedential Decision of *Ex parte Barous*, Appeal No. 2016-003320 (PTAB 2016). However, the decision in *Barous* is a non-precedential Board decision, and, like *Google*, discussed above, not binding on this panel.

Appellant last argues that independent claim 1 includes “limitations that would not necessarily be met by every possible form of buying and selling bond contracts,” and as such, “there is no risk that the claim will ‘tie up’ excepted subject matter so as to preempt others from using the claimed subject matter” (Appeal Br. 16–17; *see also* Reply Br. 4–6). However, Appellant’s preemption argument does not alter our § 101 analysis. Preemption concerns are fully addressed and made moot where a patent’s claims are deemed to disclose patent ineligible subject matter under the two-part framework described in *Mayo* and *Alice*. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). “While preemption may signal patent ineligible 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 2, 5–22, 26–28, and 37–40, which fall with independent claim 1.

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DECISION

The Examiner's rejection of claims 1, 2, 5–22, 26–28, and 37–40 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