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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* GEOFFREY S. STIFF, JAMES C. TEMPLEMAN,  
HEATHER HARKER, RUTH MANKA,  
and WILLIAM S. WHITE

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Appeal 2017-001577  
Application 11/866,815<sup>1</sup>  
Technology Center 3600

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Before JAMES R. HUGHES, CARL L. SILVERMAN, and  
JAMES W. DEJMEK, *Administrative Patent Judges*.

SILVERMAN, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–30, which constitute all the pending rejected claims. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> The real party in interest is identified as Genworth Financial, Inc. App. Br. 1.

## STATEMENT OF THE CASE

Appellants' invention relates to providing an option to convert an asset or portfolio of assets into a guaranteed income flow (annuity) or other settlement at a future date. Abstract; Spec. 1:14–2:13. Claims 1 and 28 are exemplary of the matter on appeal (emphases added):

1. A *computer implemented method performed on a tangibly embodied processing device* that exchanges a future value of an asset or portfolio of assets for at least one annuity instrument outcome on a future date and adjusts a guarantee to a second guaranteed outcome to reflect a fluctuation in performance of the asset or portfolio of assets, the method comprising:

determining, *by the tangibly embodied processing device coupled to a memory* that stores data relating to an asset or portfolio of assets and associated assessment data, a delivery of the annuity outcome based on an assessment of an underwritten strategy associated with an asset or portfolio of assets; and

determining, *by the tangibly embodied processing device*, a fee payment amount or a series of fee payment amounts and at least one guideline required for the delivery of the annuity outcome; and

wherein an investor pays the fee to exchange a future value of the asset or the portfolio of assets, regardless of future performance or value, for at least one annuity outcome on a future date, such at least one annuity outcome on a future date constituting a first guaranteed outcome, where the at least one annuity outcome on a future date is contingent on:

- (1) a payment of the fee, and
  - (2) maintaining the asset or portfolio of assets in accordance with at least one guideline or benchmark required for the delivery of the annuity outcome, and the at least one guideline or benchmark is constituted by at least one boundary value, the at least one boundary value related to the performance of the asset or portfolio of assets; and
- automatically adjusting, by the tangibly embodied processing device*, a guarantee based on a failure to attain the minimum guideline or benchmark, such adjusting including adjusting the at least one annuity outcome from the first guaranteed outcome to a second

guaranteed outcome where the adjusting to the second guaranteed outcome reflects a fluctuation in the performance of the asset or portfolio of assets.

App. Br. 22–23 (Claims Appendix).

28. A *computer implemented* method for providing an option to exchange a future value of an asset or portfolio of assets, regardless of future performance or value, for at least one annuity instrument outcome on a future date, the method *performed on a tangibly embodied processing device*, the method comprising:

assessing, *by the tangibly embodied processing device coupled to a memory* that stores data relating to an asset or portfolio of assets and associated assessment data, an existing portfolio;

assessing, *by the tangibly embodied processing device*, an underwritten strategy associated with the asset or portfolio of assets;

determining, *by the tangibly embodied processing device*, a guaranteed delivery of annuity outcome other than cash based on the portfolio and underwriting assessments;

issuing, *by the tangibly embodied processing device*, an option to exchange a future value of the asset or portfolio of assets, regardless of future performance or value, for at least one annuity instrument outcome on a future date;

collecting, *via an electronic input*, a fee payment;

auditing, *by the tangibly embodied processing device*, an investment strategy of the asset or portfolio of assets, the auditing the investment strategy performed in a periodic manner and performed based on both qualitative parameters and quantitative parameters;

adjusting, *by the tangibly embodied processing device*, at least one benchmark based on the auditing, the benchmark being required for the delivery of the annuity outcome other than cash, and

automatically *adjusting, by the tangibly embodied processing device*, the guaranteed delivery of annuity outcome other than cash based on a failure to attain minimum strategy guidelines identified by the auditing, the adjusting the guaranteed delivery of annuity outcome other than cash constituted by changing a value of the guaranteed delivery of annuity outcome other than cash to a value that is above zero; and

interfacing, *via an electronic interface and a communication link*, with at least one external recordkeeping system; and

wherein the at least one benchmark is constituted by at least one boundary value, the at least one boundary value related to the performance of the asset or portfolio of assets; and the guaranteed delivery of annuity outcome being determined upon when a purchaser, by virtue of making withdrawals against the asset or portfolio of assets, has just enough money to make a final option payment.

App. Br. 26–27 (Claims Appendix).

### REJECTIONS

Claims 1–30 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1–13 and 17–33 of copending Application No. 11/556,396. Final Act. 3.

Claims 1–30<sup>2</sup> are rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter. Final Act. 4–5.

Claims 1–27 and 29–30 are rejected<sup>3</sup> under 35 U.S.C. § 103(a) as being unpatentable over Feldstein et al. (Martin Feldstein and Elena Ranguelove, “Accumulated Pension Collars: A Market Approach to Reducing the Risk of Investment-Based Social Security Reform,” NBER Working Paper No. 7861, August 2000) (“Feldstein”) in view of Wolfberg et al. (US 4,885,685; iss. December 5, 1989) (“Wolfberg”). Final Act. 5–16.

Claim 28 is rejected under 35 U.S.C. § 103(a) as being unpatentable over Feldstein, Wolfberg, and Charnley Jr. (US 2004/0117286 A1; pub. June 17, 2004) (“Charnley”). Final Act. 16–19.

### ANALYSIS

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<sup>2</sup> Only claims 1–30 are pending and rejected. Appellants and the Examiner erroneously refer to the rejection of claims 1–33. *See* App. Br. 7; Final Act. 4.

<sup>3</sup> This rejection is withdrawn. Ans. 3.

*The obviousness-type double patenting Rejection*

The Examiner finds, although the conflicting claims are not identical, they are not patentably distinct from each other because the claims are directed toward providing an investor the ability to purchase an option to exchange a future value of an asset. Final Act. 3.

Appellants do not rebut the Examiner's findings and, therefore, on the record before us, we *pro forma* sustain the rejection of claims 1–30.

*The § 101 Rejection*

Appellants argue the Examiner errs in concluding claim 1 is directed to an abstract idea and, assuming *arguendo* the claim is directed to an abstract idea, the Examiner errs in concluding the claim does not recite significantly more than the abstract idea. App. Br. 7–13; Reply Br. 2–6.

Regarding whether the claims are directed to an abstract idea, Appellants argue the Examiner improperly boils down the claims to “administering annuity product” and ignores the limitations which recite a very particular way to “exchange[] a future value of an asset . . . for at least one annuity instrument outcome,” in combination with “adjust[ing] a guarantee to a second guaranteed outcome to reflect a fluctuation in performance of the asset or portfolio of assets.” App. Br. 8 (referring to claim 1). Additionally, Appellants argue the claims do not claim the “building blocks of human ingenuity” and their allowance poses no risk of pre-emption. *Id.* at 8–9.

Appellants argue the claims recite specific steps that are a departure from the conventional way of providing annuities and are significantly more than the alleged abstract idea. *Id.* at 10–12 (citing Spec. 1, 2, 23, and 24).

Appellants argue a computer processor is integral to the claimed invention and the invention cannot be performed without a computer. *Id.* at 12 (citing *Bancorp Services, LLC v. Sun Life Assurance Co. of Canada (US.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (citing *SiRF Tech. Inc., v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010)). Appellants argue the claims improve the efficiencies of the computer itself and effect an improvement in a technical field. *Id.* at 13

The Examiner concludes claims 1–30 are directed to administering annuity product and this is a fundamental economic practice/organized human activity which constitutes an abstract idea. Final Act. 4–5. In particular, the Examiner concludes:

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because claims do not an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. Note that the limitations, in the instant claims, are done by the generically recited processing device. The limitations are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.

*Id.*

In the Answer, the Examiner additionally concludes:

However, considering each and every one of the claim limitations, the claimed invention is directed to administrating annuity product. For instance in claim 1, the claimed invention first describes functional limitations such, “determining . . . a delivery of the annuity outcome” based on business rule, “determining . . . a fee payment amount. . . and at least one guideline required for the delivery of the annuity outcome” based on business rule, and “automatically adjusting a guarantee” (of the annuity outcome) based on rule. All of which are directed to the administration of an annuity. In between the functional limitations, the claimed invention includes wherein clause that describes business rules associated to the annuity being administered, such as fee schedule and payment contingency. Considering the claimed invention as whole, the identification that the claimed invention being directed to “administrating annuity product” is not only reasonable but also apparent.

Ans. 5–6.

The Examiner concludes the limitations of the particular solutions for the annuity problem do not constitute significantly more as the problem is not a technological problem; it is a business problem. *Id.* at 8–9. The Examiner concludes the functional limitations are all performable by a person and no explanation as to why these limitations are only performable by computer is supported in the claim, Specification, or Appellants’ arguments. *Id.* at 10. The Examiner concludes there is no basis that the claims improve the computer itself or effect an improvement in a technical field. *Id.* In particular, the Examiner concludes it is unclear how the improved execution of the claimed process would improve the function of the computer itself and the improvement of the transactional aspect of the abstract idea is not an improvement to a technology. *Id.*

In the Reply Brief, Appellants argue the claims include additional elements that are significantly more than the alleged abstract idea. Reply

Br. 2–6. Appellants argue, even assuming the claims recite generic computing functions, the ordered combination of the claim elements results in significantly more than the abstract idea because the claims are directed to particular solutions that are significantly more than just administering annuity product.” *Id.* at 3. Appellants argue the claims are novel and non-obvious in view of the withdrawn prior art rejection of claims 1–27, 29, and 30. *Id.* at 3–4. Appellants argue the Examiner errs because court cases do not support the rejection. *Id.* at 4–5 (citing *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corporation*, 822 F.3d 1327 (Fed. Cir. 2016)).

As discussed below, we are not persuaded by Appellants’ arguments and agree with the Examiner’s conclusion that the claims are patent ineligible.

The Supreme Court in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014) reiterated the framework set out in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012) for “distinguishing patents that claim . . . 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 if the claim is directed toward a patent-ineligible concept and, if so, the second step is to determine whether there are additional elements that transform the nature of the claim into a patent eligible application. *Id.* (citing *Mayo*, 566 U.S. at 79, 78). The second step searches for an inventive concept that is sufficient to ensure that the patent amounts to significantly more than a patent on the patent-ineligible concept. *Id.* (citing *Mayo*, 566 U.S. at 72–73).

The question is not whether claims mention a computing environment but what they are “directed to.” 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, 1376, (Fed. Cir. 2016) (inquiring into “[t]he focus of the claimed advance over the prior art”); *Enfish*, 822 F.3d at 1335. “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) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)). “In determining the eligibility of respondents’ claimed process for patent protection under § 101, their claims must be considered as a whole.” *Diamond v. Diehr*, 450 U.S. 175, 188 (1981).

Applying the first step of *Alice*, we agree with the Examiner that the claim is directed to the identified abstract idea. In addition, we agree the Examiner has considered the abstract idea in the aggregate. Accordingly, we conclude that the claim is directed to an abstract idea.

Having determined that the claim is directed to an abstract idea, step 2 of the analysis considers whether the claim contains an inventive concept such as additional limitations that add significantly more to the claim so that it does not fully cover the abstract idea itself. *See Alice*, 134 S. Ct. at 2357. Here, we agree with the Examiner that no inventive concept is present. Moreover, the hardware features are the type of generic element that has

been determined to be insufficient by the Supreme Court to transform a patent-ineligible claim into one that is patent-eligible. *See Alice*, 134 S. Ct. at 2358. The claim includes no limitations that prevent it from covering the abstract idea itself. Therefore, we are unpersuaded by Appellants' argument that the claims constitute an inventive concept that is significantly more than a patent on the patent-ineligible concept.

We conclude each of Appellants' claims on appeal is distinguishable from the type of claim considered by the court in *Enfish*, *DDR*, and *Bascom*. We conclude none of Appellants' claims is "directed to an improvement in the functioning of a computer," as was found by the court regarding the subject claim in *Enfish*, 822 F.3d at 1338. To the extent that the recited steps or acts may be performed faster or more efficiently using a computer, our reviewing court provides applicable guidance:

While the claimed system and method certainly purport to accelerate the process of analyzing audit log data, *the speed increase comes from the capabilities of a general-purpose computer, rather than the patented method itself. See Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) ("[T]he fact that the required calculations could be performed *more efficiently* via a computer does not materially alter the patent eligibility of the claimed subject matter.").

*FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016) (emphasis added). *See also Electric Power Grp.*, 830 F.3d at 1350, to the extent that Appellants' claims similarly collect information, analyze it in some fashion, and present or communicate the result.

Applying this reasoning to Appellants' claims on appeal, we similarly find any purported faster or more efficient performance of the claimed steps or acts merely comes from the capabilities of a general-purpose computer

and/or computer related elements, rather than from Appellants' claimed steps or functions.

Appellants' reliance on *Bascom* is unpersuasive because claim 1 provides no improvement of the operation of a computer system commensurate with improvement to computer technology, and there is no ordered arrangement set forth which is non-conventional. The Specification supports the view that the elements recited in the claims are conventional. *See, e.g.*, Spec. 15:3–16:15, and 17:20–19:17.

In *DDR*, the claims at issue involved, *inter alia*, “web page[] displays [with] at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1249 (Fed. Cir. 2014) (claim 18 of US 7,818,399). The Federal Circuit found the claims in *DDR* to be patent eligible under step two of the *Mayo/Alice* test because “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.* at 1257. Specifically, the Federal Circuit found the claims addressed the “challenge of retaining control over the attention of the customer in the context of the Internet.” *Id.* at 1258. The rejected claims are dissimilar to *DDR*'s web page with an active link, and the Specification does not support the view that the computer related claim elements are unconventional, *supra*.

The claims before us are dissimilar to *Bascom*'s technical improvement over technical ways of filtering content on the Internet that improves the computer itself. *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341.

We additionally conclude Appellants' claims are analogous to the method claim considered by the court in *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 at least to the extent that Appellants' claims are similarly directed to "merely selecting information, by content or source, for collection, analysis, and display [which] does nothing significant to differentiate a process from ordinary mental processes." *Id.* at 1355. The claims do not require any nonconventional computer or network components, or even a "non-conventional and non-generic arrangement of known, conventional pieces," but merely call for performance of the claimed information collection, analysis, and display functions on generic computer components and display devices. *Id.*

Moreover, regarding preemption:

[w]hile preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility. . . . Where a patent's claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.

*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs. Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 ("that 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").

Although the Examiner withdrew the rejection of certain claims over cited prior art (Final Act. 3), this is unpersuasive, as it is directed to a separate statutory requirement under 35 U.S.C. § 103. Our reviewing court guides that "[e]ligibility and novelty are separate inquiries." *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1340 (Fed

Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”). “The ‘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.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (emphasis added). Moreover, “a claim for a *new* abstract idea is still an abstract idea.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016).

In view of the above, we sustain the rejection of claim 1, and independent claims 28–30, which are not argued with particularity. *See* App. Br. 13. We sustain the rejection of dependent claims 2–27 as these claims are not argued separately. *See* 37 C.F.R. § 41.37(c)(1)(iv).

#### *The § 103 Rejection*

In the rejection of independent claim 28 over Feldstein, Wolfberg, and Charnely, Appellants rely on the arguments presented for claim 1 and argue Charnely fails to cure the deficiencies of the claim 1 rejection. App. Br. 19. Regarding claim 1, Appellants argue Feldstein does not disclose the limitation “determining . . . at least one guideline required for the delivery of the annuity outcome” and fails to disclose any analogous guidelines. App. Br. 14–15 (citing Final Act. 6; Spec. 10:[18]–22, 11:1–8; Feldstein p. 1, ¶ 2, p. 6, ¶ 1). According to Appellants, Feldstein’s variables determine the initial cost of the put options and have no impact on whether the “annuity outcome” is actually paid out in the future. *Id.* at 15.

Claim 28, unlike claim 1, does not recite the limitation “determining . . . at least one guideline required for the delivery of the annuity outcome.” Instead, claim 28 recites “automatically adjusting . . . based on a failure to attain minimum strategy guidelines identified by the auditing . . . .” Therefore, Appellants’ arguments regarding claim 1 are not directly applicable to the claim 28 rejection.

We find the Examiner’s rejection of claim 28 is supported by a preponderance of evidence and, additionally, we note Appellants do not present a rebuttal to the Examiner’s rejection of claim 28 in their Reply Brief. *See* Final Act. 16–19.

In view of the above, we sustain the rejection of claim 28.

#### DECISION

We affirm the Examiner’s decision provisionally rejecting claims 1–30 for obviousness-type double patenting.

We affirm the Examiner’s decision rejecting claims 1–30 under 35 U.S.C. § 101.

We affirm the Examiner’s decision rejecting claim 28 under 35 U.S.C. § 103(a).

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv)(2015).

AFFIRMED