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EXAMINER
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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* JOEL WEISS and TIMOTHY H. HEATON

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Appeal 2017-002040  
Application 13/668,811<sup>1</sup>  
Technology Center 3600

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Before ALLEN R. MacDONALD, JON M. JURGOVAN, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BENNETT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 2–34. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> Appellants’ Brief (“App. Br.”) identifies BCG Partners, Inc. as the real party in interest. App. Br. 3.

### CLAIMED SUBJECT MATTER

Appellants describe their invention as “relat[ing] to the calculating and displaying of commissions relating to the trading of financial instruments.” Spec. ¶ 2. Claim 23, reproduced below, is illustrative of the claimed subject matter:

23. A method comprising the steps of:

receiving into memory of a computerized device of a computer transaction system data describing a transaction party's order proposing a financial transaction, and based at least in part on the order data, computing a commission to trade at least a part of the order with a counterparty customer;

tradeably presenting the order to the counterparty customer, the presentation including the computed commission for the proposed trade, or a price for the proposed trade net of the commission;

receiving data representing an instruction from an order-modifying customer of the electronic transaction system to modify the order in a manner that influences the commission on the proposed trade; and

computing an updated commission based on the instruction received from the order modifying customer modifying the order, and tradeably presenting electronic data representing the modified order and the computed updated commission to the counterparty customer, the updating and presenting of the commission electronic data being performed in computerized devices in substantially real time response to the instruction.

App. Br. 13 (Claims Appendix).

### REJECTIONS

Claims 2–34 are rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

## OPINION

### *Legal Standard for Patent Eligibility*

In issues involving subject matter eligibility, our inquiry focuses on whether the claims satisfy the two-step test set forth by the Supreme Court in *Alice Corp. v. CLS Bank Int'l.*, 134 S.Ct. 2347 (2014). The Supreme Court instructs us to “first determine whether the claims at issue are directed to a patent-ineligible concept,” *Alice*, 134 S. Ct. at 2355, and, in this case, the inquiry centers on whether the claims are directed to an abstract idea. If the initial threshold is met, we then move to the second step, in which we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). The Supreme Court describes the second step as a 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.* (quoting *Mayo*, 566 U.S. at 72–73).

### *The Examiner’s Eligibility Analysis Under § 101*

In rejecting the claims under 35 U.S.C. § 101, the Examiner applies the *Alice* test and determines at the first step that the claims are directed to an abstract idea. More specifically, the Examiner finds Appellants’ claims are directed to the concept of trading and trading commission and fees. Final Act. 3. The Examiner determines that the claimed concept is an abstract idea because it is both a fundamental economic practice and a

method of organizing human activities. *Id.* The Examiner further determines the claims “describe the concept of computing commission for counterparty transactions, which corresponds to concepts identified as abstract ideas by the courts.” Ans. 4. The Examiner further determines the independent claims are substantially similar, and that “[t]he concept described in method claim 23 (computerized device claim 2, system claim 12, system claim 34) is not meaningfully different than those economic concepts found by the courts to be abstract ideas.” *Id.*

Turning to the second step of the *Alice* inquiry, the Examiner finds that:

The claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional computer elements such as: memory, computerized device (specification ¶¶ 34–36 – laptop, mainframe, etc.), and communication (network, internet), which are recited at a high level of generality, provide conventional computer functions that do not add meaningful limits to practice the abstract idea.

Ans. 4–5. The Examiner further finds the method steps are performed “using [g]eneric computer components recited as performing generic computer functions that are well-understood, routine, and conventional activities [which] amount to no more than implementing the abstract idea with a computerized system.” Ans. 5.

#### *Appellants’ Arguments*

Appellants challenge the Examiner’s determination with respect to both steps of the *Alice* inquiry. With respect to *Alice* step 1, Appellants contend the Examiner has failed to make a prima facie case that the claims are directed to an abstract idea. App. Br. 7. In support of this contention,

Appellants argue “the Examiner makes a factual finding without any evidence in clear violation of the administrative procedure acts [sic] requirement for substantial evidence to make such factual findings.” App. Br. 7. According to Appellants, “the Examiner provides no evidence at all,” Reply Br. 2, and specifically argue that by failing to raise a prior art rejection, the Examiner fails to present evidence that the claims are directed to a fundamental economic practice. App. Br. 7. Appellants also contend the rationale of “certain methods of organizing human activities” is not a valid rationale for supporting an abstract idea determination. App. Br. 8. Appellants also analogize their claims to those found eligible in various cases, including *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) and *DDR Holdings LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Appellants contend their invention is rooted in computer technology and that the claims “offer an improvement to that underlying computerized order submission technology improving their operation and efficiency by providing new commission pricing that reduces the number of calculations (and time) needed by a trader to be responsive to market data.” Reply Br. 3, 5.

Appellants also challenge the Examiner’s *Alice* step 2 determination, arguing that “the Examiner has failed to make a prima facie showing that the claims do not add something more to this abstract idea.” App. Br. 8. Appellants argue “[t]he Examiner has provided no evidence or discussion that these limitations are not substantially more” than the abstract idea. App. Br. 9. Appellants further add that the lack of a prior art rejection demonstrates that “these claims must then add something significantly more” to the abstract idea. *Id.* Appellants also contend that the Examiner

does not address the specific limitations recited in claim 34, and only analyzes limitations recited in claim 23. Reply Br. 4.

*Analysis*

We are not persuaded by Appellants’ arguments. With respect to *Alice* step 1, Appellants first argue the Examiner has provided no evidence in support of the abstract idea determination. We disagree because the Examiner’s determination that the claims are directed to an abstract idea is consistent with the approach required by *Alice* and approved by our reviewing court in several subsequent decisions. The Federal Circuit has held that the “decisional mechanism” for determining whether a claim is directed to an abstract idea compares the claim to those claims previously found to have been directed to abstract ideas in other cases. *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016) (“[T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”).

Here, that is precisely what the Examiner has done. In determining the claims are directed to an abstract idea, the Examiner finds Appellants’ invention “corresponds to concepts identified as abstract ideas by the courts,” and specifically identifies earlier cases having similarity to the claims at issue here. *Ans. 4* (citing *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1047 (Fed. Cir. 2017); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 712 (Fed. Cir. 2014); *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1270–71 (Fed. Cir. 2012)). The Examiner explains that the concept described in each independent claim “is not meaningfully different than those economic concepts found by the courts

to be abstract ideas.” Ans. 4. We discern no error in the Examiner’s analysis, and Appellants do not present any argument or explanation as to how the present claims differ from those found ineligible in the cases identified by the Examiner. Without such explanation, Appellants do not identify error in the Examiner’s determination. Nor are we persuaded that Appellants’ claims are similar to those found eligible in *DDR Holdings* and *Enfish*. Each case is easily distinguished from the Appellants’ invention. The finding of eligibility in *DDR Holdings* was based on the fact that the claimed invention solved a problem that did not exist prior to the Internet—preventing website visitors from being directed away to third party websites. *DDR Holdings*, 773 F.3d at 1257 (“claims address the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after ‘clicking’ on an advertisement and activating a hyperlink”). In contrast, Appellants’ provide no persuasive argument or explanation for why the pricing of counterparty commissions is a problem unique to computer networks or that did not exist prior to the advent of electronic trading.

Nor is Appellants’ reliance on *Enfish* persuasive, as *Enfish* involved the use of a self-referential database table which offered a specific improvement in computer capabilities—namely improved storage efficiency, reduced data modeling, and speedier indexing. *Enfish*, 822 F.3d at 1333. Although Appellants contend their invention provides similar benefits, the benefits they describe are improvements to the business process, and not to the operation of the computer itself. *See* Reply Br. 5 (“improving the efficacy of trading entities”). Because the Examiner has correctly analyzed

the claims under *Alice* step 1, we disagree with Appellants' argument that the Examiner has not made sufficient findings to support the abstract idea determination. Accordingly, we agree with the Examiner that the claims are directed to an abstract idea, and we proceed to step 2 of the *Alice* inquiry.

As we noted above, in contesting the Examiner's step 2 determination, Appellants argue the Examiner has failed to provide any evidence or discussion. We disagree. In determining that Appellant's claims do not include additional elements sufficient to amount to significantly more than the abstract idea, the Examiner relies primarily on Appellants' specification as evidence of the well-understood, routine and conventional nature of the recited elements. In particular, the Examiner finds the recited method is performed by well-known computer elements described in the Specification at a high level of generality. Ans. 4–5 (citing Spec. 34–36). We agree with the Examiner that the description in the Specification of the computerized aspects of the invention weighs against eligibility under *Alice* step 2.

The Specification indicates the various processes described in connection with Figures 3–7 “may be implemented on system 100 of FIGS. 1 and 2.” Spec. ¶¶ 40, 45, 47, 53, 56. The system 100 of Figures 1 and 2 is repeatedly described as a generic computer system comprised of generic computer components. For example, the system 100 includes a server 104. In describing the server, the specification states that “server 104 may be any suitable server, processor, computer, a data processing device, or combination of the same.” Spec. ¶ 33. Similarly, computer network 103 forming part of system 100 is described as being “any suitable computer network including the Internet, and Internet, a wide-area network (WAN), a local-area network (LAN), a wireless network, a Digital to subscriber line

(DSL) network, a frame relay network, an asynchronous transfer mode (ATM) network, a virtual private network (VPN), or any combination of any of the same.” Spec. ¶ 34. Computer workstations 101 and back office clearing center 112 are also described as being generic computing devices. Spec. 35–36. Given these descriptions in Specification, we are not persuaded that the Examiner has failed to provide evidence in support of the determination under *Alice* step 2, and we are not persuaded by Appellants’ evidentiary argument.

Appellants also contend the lack of prior art rejections is determinative of the *Alice* step 2 inquiry. We do not agree. This argument lacks merit because it presupposes that any claim found to be novel and non-obvious over prior art cannot be found to be lacking an inventive concept in the *Alice/Mayo* framework. We are aware of no authority or case supporting this proposition, nor do Appellants cite to any. Patent-eligibility under 35 U.S.C. § 101 is a threshold requirement that must be satisfied *in addition to* being novel, nonobvious, and fully and particularly described. *See Bilski v. Kappos*, 561 U.S. 593, 602 (2010). A finding of novelty or non-obviousness does not necessarily lead to the conclusion that subject matter is patent-eligible. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2117 (2013). Appellants’ approach to the *Alice* step 2 search for an inventive concept is inconsistent with the legal framework established in the Patent Act, as it would limit the application of 35 U.S.C. § 101 to only those claims found to be otherwise unpatentable under other sections of the Act (e.g., 35 U.S.C. §§ 102, 103, and 112).

Finally, we are not persuaded by Appellants' contentions that the rejections must be reversed because the Examiner does not address the specific limitations recited in claim 34, and only analyzes limitations recited in claim 23. We are not persuaded for two reasons. First, although the Examiner references claim 23 in more detail, the Examiner makes clear his analysis pertains to each independent claim. Ans. 4 ("The concept described in method claim 23 (computerized device claim 2, system claim 12, system claim 34) is not meaningfully different than those economic concepts found by the courts to be abstract ideas."). Second, the Examiner's reasoning for why the limitations do not amount to significantly more is plainly applicable to limitations in each of the independent claims. *See* Ans. 4–5 (explaining that the recited steps can be performed by a generic computer and that the Specification teaches the computer used to carry out the invention is generic and described at a high level of generality). Accordingly, we are not persuaded the Examiner has erred in rejecting Appellants' claims under 35 U.S.C. § 101, and we therefore sustain the rejection.

#### DECISION

We affirm the Examiner's rejection of claims 2–34.

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).

AFFIRMED