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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte THOMAS HAMMOND, THOMAS FARLEY,
and RAYMOND J. CUMMINGS

Appeal 2017-002076¹
Application 12/430,483²
Technology Center 3700

Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
NINA L. MEDLOCK, *Administrative Patent Judges*.

MEDLOCK, *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 1–3, 7–13, 16–27, 39–51, and 54–59. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“Br.,” filed February 26, 2016) and Reply Brief (“Reply Br.,” filed October 25, 2016), and the Examiner’s Answer (“Ans.,” mailed August 26, 2016) and Final Office Action (“Final Act.,” mailed December 18, 2015).

² Appellants identify Intercontinental Exchange Holdings, Inc. as the real party in interest. App. Br. 1.

CLAIMED INVENTION

Appellants describe that the claimed invention “is generally related to managing position concentration risk and to establishing thresholds and generating alerts related to levels of position concentration risk” (Spec. ¶ 2).

Claims 1 and 39 are the independent claims on appeal. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method of managing a position concentration risk of an account, comprising:

activating a threshold level module via a remote third party computer terminal over the Internet;

establishing, by the threshold level module, a threshold level for an aggregate trader position that is associated with one or more customer accounts, said customer accounts being managed by one or more clearing firms, wherein the aggregate trader position comprises two or more contracts having correlated risk profiles, two or more contracts having opposed risk profiles, or both;

associating, by the threshold level module, the contracts having said correlated risk profiles with the aggregate trader position;

associating, by the threshold level module, the contracts having said opposed risk profiles with the aggregate trader position;

aggregating, by an aggregator module, an actual parameter value associated with each of said customer accounts to determine an aggregate parameter value;

comparing, by a comparer module, the aggregate parameter value with the threshold level;

automatically generating, by an advisory alert generator, an advisory alert only if, based on the comparing step, it is determined that the aggregate parameter value has met or exceeded the threshold level;

communicating, by a communication module, the advisory alert to an authorized entity over the Internet; and

activating, by a computing device comprising non-transitory memory storing instructions and a processor executing the instructions, one or more intervening measures only if the aggregate parameter value has met or exceeded the threshold level, the one or more intervening measures comprising controlling a customer application to perform one of disabling customer trade registration access, disabling customer access to a trading system, disabling customer access to a clearing system, and freezing a customer account.

REJECTIONS

Claims 1–3, 7–13, 16–27, 39–51, and 54–59 are rejected under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement.³

Claims 1–3, 7–13, 16–27, 39–51, and 54–59 are rejected under 35 U.S.C. § 112, second paragraph, as incomplete for omitting essential structural cooperative relationships of elements.

Claims 1–3, 7–13, 16–27, 39–51, and 54–59 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

Written Description

Whether a specification complies with the written description requirement of 35 U.S.C. § 112, first paragraph, is a question of fact and is assessed on a case-by-case basis. *See, e.g., Purdue Pharma L.P. v. Faulding, Inc.*, 230 F.3d 1320, 1323 (Fed. Cir. 2000) (citing *Vas-Cath, Inc.*

³ Although the Examiner references independent claims 1 and 39 only, we understand that the rejection also is applicable to dependent claims 2, 3, 7–13, 16–27, 40–51, and 54–59.

v. Mahurkar, 935 F.2d 1555, 1561 (Fed. Cir. 1991)). The disclosure, as originally filed, need not literally describe the claimed subject matter (i.e., using the same terms or *in haec verba*) in order to satisfy the written description requirement. But the Specification must convey with reasonable clarity to those skilled in the art that, as of the filing date, Appellants were in possession of the claimed invention. *See id.*

Here, in rejecting independent claims 1 and 39 under § 112, first paragraph, the Examiner notes that the claims were amended to recite “activating a threshold level module via a remote third party computer terminal over the Internet” and “activating . . . one or more intervening measures only if the aggregate parameter value has met or exceeded the threshold level” (Final Act. 3). The Examiner observes that “the term activating (or any form of the word activate) is not found within the disclosure of the present application, let alone a third party performing the function of activating a threshold level module over the internet” (*id.*). And the Examiner concludes that “[a]s such, the amended claims 1 and 39 add new matter and are, additionally, inoperable as claimed” (*id.*). The Examiner applies substantially the same reasoning with respect to the step of “activating . . . one or more intervening measures only if the aggregate parameter value has met or exceeded the threshold level” (*id.* at 3–4).

Appellants argue, and we agree, that the Specification provides the requisite written description support for “activating a threshold level module via a remote third party computer terminal over the Internet” at least at paragraph 37 (App. Br. 4–5). There, the Specification expressly discloses that “[w]hen the software application 220 is executed and accessed via the one or more third party terminals 230, the threshold level module 221

enables users of the third party terminals 230 to establish one or more threshold levels for an aggregate trader position” (Spec. ¶ 37). The Specification also explicitly discloses that “if it is determined that the aggregate parameter value meets, exceeds, or is within a predetermined range of at least one of the threshold levels, then one or more intervening measures may be imposed” (*id.* ¶ 32), i.e., the Specification provides written description support for “activating . . . one or more intervening measures only if the aggregate parameter value has met or exceeded the threshold level.”

In view of the foregoing, we do not sustain the Examiner's rejection of claims 1 and 39 under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. For the same reasons, we also do not sustain the rejection of dependent claims 2, 3, 7–13, 16–27, 40–51, and 54–59.

Indefiniteness

In rejecting the pending claims under § 112, second paragraph, the Examiner takes the position that the term “remote,” as used in independent claims 1 and 39, e.g., “activating a threshold level module via a remote third party computer terminal over the Internet,” is a relative term that renders the claims indefinite (Final Act. 4). The Examiner maintains that this is so because “the term ‘remote’ is not defined by the claim[s], the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention” (*id.*). The Examiner concludes, “[a]s such, claims 1 and 39 and any claims which depend therefrom are indefinite” (*id.*).

The Examiner also rejects the claims as indefinite on the ground that claims 1 and 39 are “incomplete for omitting essential structural cooperative relationships of elements,” i.e., “the modules and generators (software) and physical structural element which corresponds to the cited software” (*id.* at 4–5). The Examiner maintains that “[c]laims 1 and 39 list software element(s) but do not recite what physical structural [sic] . . . contain and perform the function of the cited software element(s)” (*id.* at 5). The Examiner asserts that “[t]o correct this deficiency, it must be clear which disclosed component is storing the software component” (*id.*).

Further explaining the basis for this rejection, the Examiner notes that, in amending the claims, Appellants deleted the limitation “wherein each of the foregoing steps are performed via at least one computing device comprising a memory for storing instructions and a processor for executing said instructions” (Ans. 9). And the Examiner maintains that by removing this claim limitation, “the modules no longer reside on any physical device and have no claimed connection to each other that are [sic] essential when attempting to draw the physical boundaries being claimed” (*id.*).

Addressing each of these bases in turn, we agree with Appellants that a person of ordinary skill in the art would understand from the Specification, particularly including paragraphs 37 and 50, that the term “remote” refers to the wired or wireless connection between the third party terminals and the server (App. Br. 5). Such a person would, thus, be reasonably apprised of the scope of the claimed invention (*id.*).

Regarding the second basis for the Examiner’s rejection, although the amended claims removed some claim limitations related to physical structural elements, we are not persuaded that a person of ordinary skill in

the art would be unable to determine the metes and bounds of the claims, when read in light of the Specification. *See In re Zletz*, 893 F.2d 319, 322 (Fed. Cir. 1989) (During examination, after applying the broadest reasonable interpretation to the claim, if the metes and bounds of the claimed invention are not clear, the claim is indefinite and should be rejected); *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1576 (Fed. Cir. 1986) (The test for definiteness under 35 U.S.C. § 112, second paragraph is whether “those skilled in the art would understand what is claimed when the claim is read in light of the specification.”).

Therefore, we do not sustain the Examiner’s rejection of claims 1–3, 7–13, 16–27, 39–51, and 54–59 under 35 U.S.C. § 112, second paragraph.

Patent-Ineligible Subject Matter

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)).

Here, in rejecting the pending claims under 35 U.S.C. § 101, the Examiner determined that the claims are directed to “methods of managing position concentration risk and to establishing thresholds and generating alerts related to levels of position concentration risk,” which the Examiner determined is an idea similar to “organizing information through mathematical correlations”; “using categories to organize, store, and transmit information”; “comparing new and stored information and using rules to identify options”; and/or “mitigating settlement risk, hedging, or creating a contractual relationship which are fundamental economic practices all of which have been found by the courts to be an abstract idea” (Final Act. 6–7). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception (*id.* at 7–8).

Appellants argue that the § 101 rejection cannot be sustained because the present claims are comparable to those found patent-eligible in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (App. Br. 7–8). But, we do not agree that there is any parallel between the present claims and those at issue in *DDR Holdings*.

The claims at issue in *DDR Holdings* were directed to retaining website visitors, and in particular to a system that modified the conventional web browsing experience by directing a user of a host website, who clicks an advertisement, to a “store within a store” on the host website, rather than to the advertiser’s third-party website. *DDR Holdings*, 773 F.3d at 1257–1258. The court determined that “the claims address a business challenge (retaining website visitors) [that] is a challenge particular to the Internet.” *Id.* at 1257. The court also determined that the invention was “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks,” and that the claimed invention did not simply use computers to serve a conventional business purpose. *Id.* Rather, there was a change to the routine, conventional functioning of Internet hyperlink protocol. *Id.*

Appellants maintain here that the pending claims, like the claims in *DDR Holdings*, are necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks (*id.* at 7). Appellants argue that the claims solve this “computer-centric problem (i.e., inability of different clearing systems to access and share account data)” by creating a computer system, with various modules working over the Internet, that accesses account data from any number of firms or entities, aggregates the customer account data, and, if a

predetermined aggregate threshold parameter is reached or surpassed, activates certain remote disabling and/or access-prevention functions (*id.*). It is, however, not clear to us how allowing multiple clearing firms to access and share information relating to customer accounts is a challenge particular to computer networks and/or the Internet. And, unlike the situation in *DDR Holdings*, we find no indication in the record, nor do Appellants point us to any indication, that a computer network, or the Internet, in particular, is used other than in its normal, expected, and routine manner, e.g., for receiving and transmitting information.

Appellants maintain that, as in *DDR Holdings*, the present claims do not simply apply a known business practice from the pre-Internet world to computers or the Internet (App. Br. 7). Appellants assert that entry into the Internet era presented new and unique problems for companies within the computer trading space, “including exposure by customers who can easily open multiple electronic accounts with multiple firms that do not have the ability to communicate and gage a customer’s aggregate trader position,” and that the present claims solve some of these problems, including “the unique problem of controlling a customer’s access to data and trading by activating intervening measures, such as disabling a customer’s ability to trade, according to use rules, to limit the exposure that customer can impose on a particular firm” — access control that Appellants maintain was unknown in the pre-Internet era (*id.* at 7–8).

Appellants ostensibly maintain that present claims, thus, address an Internet-centric challenge (*id.* at 8). Yet, as the court cautioned in *DDR Holdings*, “not all claims purporting to address Internet-centric challenges are eligible for patent.” *DDR Holdings*, 773 F.3d at 1258. Thus, in

Ultramerical, Inc. v. Hulu, LLC, 772 F.3d 709 (Fed. Cir. 2014), although the patentee argued that its claims were “directed to a specific method of advertising and content distribution that was previously unknown and never employed on the Internet before,” *Ultramerical*, 772 F.3d at 714, the court found that this alone could not render its claims patent-eligible where the claims merely recited the abstract idea of “offering media content in exchange for viewing an advertisement,” along with “routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet.” *Id.* at 715–716.

Similarly here, we find that invocation of the Internet is not sufficient to transform Appellants’ otherwise patent-ineligible abstract idea into patent-eligible subject matter. For example, there is no indication that the particular operations recited in the claims require any specialized computer hardware or other inventive computer components, invoke any assertedly inventive programming, or that the claimed invention is implemented using other than generic computer components to perform the claimed method steps, which is not enough for patent-eligibility.⁴ *See DDR Holdings*, 773 F.3d at 1256 (“And after *Alice*, there can remain no doubt: recitation of

⁴ The Specification explicitly discloses that “the various components described herein with respect to the system 200 may include one or more computing devices, hand-held communication devices, mobile computers and/or any other electronic communication means” and that “[t]he components may be described in the general context of comprising computer-executable instructions, such as program modules, being executed by a computer” (Spec. ¶ 41).

generic computer limitations does not make an otherwise ineligible claim patent-eligible.”).

We also cannot agree with Appellants that there is any parallel between the present claims and those at issue in *Diamond v. Diehr*, 450 U.S. 175 (1981) (App. Br. 8). The claims in *Diehr* were directed to a process for curing synthetic rubber, and recited a series of steps (e.g., the loading of a mold with raw, uncured rubber, closing the mold, constantly determining the mold temperature, constantly recalculating the cure time, and automatically opening the press at the proper time) that together provided a significant and novel practical application of the well-known Arrhenius equation and transformed uncured synthetic rubber into a new state or thing. *See Diehr*, 450 U.S. at 184–87.

Appellants argue that the present claims are patent-eligible under the reasoning of *Diehr* because the claims recite features for “determining when to activate intervening measures” (i.e., when a threshold level is met or exceeded) and then “actually activating other components and devices to function” (App. Br. 8). Yet we fail to see how activating intervening measures (e.g., disabling customer access to a trading system, disabling customer access to a clearing system, and/or freezing a customer account, when a threshold level is met or exceeded) is similar to controlling a physical process, like the rubber molding process in *Diehr*. Appellants’ claimed method does not involve any industrial or physical and chemical process, and does not involve the transformation of an article into a different state or thing.

Appellants further argue that the present claims are analogous to patent-eligible claim 2 of Example 21 of the July 2015 Update on Subject

Matter Eligibility (App. Br. 8–9).⁵ But, claim 2 of Example 21 is not a strong basis for arguing that the present claims are patent-eligible at least because claim 2 is a hypothetical claim, not an actual claim at issue in *Google Inc. v. Simpleair, Inc.*, CBM 2014-00170, 2015 WL 331089 (PTAB Jan. 22, 2015). Also, contrary to Appellants’ suggestion, the Board did not hold a claim like claim 2 of Example 21, or any claim in US 7,035,914 B1 for that matter, patent-eligible as a matter of law. Instead, the Board found that the Petitioner had not “shown sufficiently that claims 1-3, 7, and 22-24 [of US 7,035,914 B1] are more likely than not unpatentable as being directed to patent-ineligible subject matter under 35 U.S.C. § 101.” *Id.* at *10 (“Petitioner’s generalized arguments, not directed to the specific language of the challenged claims, are insufficient to show that the claims more likely than not are directed to a patent-ineligible abstract idea.”).

Even were that not so, we do not agree with Appellants that claim 2 of Example 21 is comparable to the present claims. Appellants observe that claim 2 of Example 21 recites

wherein the alert activates the stock viewer application to cause the stock quote alert to display on the remote subscriber computer and to enable connection via the URL to the data source over the Internet when the wireless device is locally connected to the remote subscriber computer and the remote subscriber computer comes online activates [a] stock viewer application to cause the stock quote alert to display on the remote subscriber computer and to enable connection via the URL to the data source over the Internet when the wireless device is locally

⁵ See July 2015 Update, Appendix 1: Examples (available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-appl.pdf>).

connected to the remote subscriber computer and the remote subscriber computer comes online and assert that the present claims are “very similar to Example 21 insofar as they recite one device activating other components and imposing access-controlling intervening measures” (App. Br. 8–9). Yet, the USPTO determined that claim 2 was patent-eligible because the claimed invention addressed the Internet-centric challenge of alerting a subscriber with time-sensitive information when the subscriber’s computer is offline. We are not persuaded that the present claims address any comparable Internet-centric challenge.

We also are not persuaded of Examiner error by Appellants’ argument that even if the claims are directed to an abstract idea, the claims are nonetheless patent-eligible because allowance of the claims will not preempt others from practicing “methods of managing position concentration risk” (*id.* at 9–10). There is no dispute that the Supreme Court has described “the concern that drives [the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption.” *Alice Corp.*, 134 S. Ct. at 2354. But characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). “[P]reemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Appellants also misapprehend the controlling precedent to the extent Appellants maintain that the claimed invention is patent-eligible because the claims are allegedly novel and/or non-obvious in view of the prior art (App. Br. 10 (“[T]he claims as a whole may not be considered abstract because, at a minimum, the claims include novel features (e.g., using a threshold level module, etc.) that transform whatever abstract elements may allegedly exist into a novel and meaningful application thereof.”). A finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Mayo/Alice* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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.’” *Alice Corp.*, 134 S. Ct. at 2355. “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“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.”).

Citing *In re Alappat*, 33 F.3d 1526, 1543 (Fed. Cir. 1994), Appellants ostensibly argue that the claims are tied to a particular machine, and are, thus, patent-eligible because a general purpose computer becomes a special

purpose computer once it is programmed to perform particular functions pursuant to instructions from program software (App. Br. 10–11). However, the Federal Circuit, in *Eon Corp. v. AT&T Mobility LLC*, 785 F.3d 616 (Fed. Cir. 2015), explicitly noted that “*Alappat* has been superseded by *Bilski* and *Alice Corp.*” *Id.* at 623 (citations omitted). And, as the Supreme Court made clear in *Alice*, the recitation of generic computer limitations is not enough to transform an otherwise patent-ineligible abstract idea into a patentable invention. *See Alice Corp.*, 134 S. Ct. at 2358.

We also are not persuaded by Appellants’ argument that “the Examiner has not met the burden of establishing a rejection under § 101” (App. Br. 10–11). Appellants note that the Supreme Court, in *Bilski v. Kappos*, 561 U.S. 593 (2010), and in *Alice*, cited authority (i.e., three finance textbooks in *Bilski* and a textbook from 1896 in *Alice*), to substantiate its finding in *Bilski*, that “hedging,” and in *Alice*, that “intermediated settlement,” is a fundamental economic practice (*id.*). And Appellants ostensibly maintain that the Examiner is likewise required to produce evidence here in order to establish a prima facie case of patent-ineligibility (*id.* at 11 (arguing that “the Examiner has not produced any evidence that, for example, Appellants’ claims are a fundamental economic practice”)).

Yet, we find nothing in *Bilski* or *Alice* that requires an examiner to provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea. Nor have Appellants articulated sufficiently their assertion that the Administrative Procedure Act imposes any such requirement (*id.*). Although evidence may be helpful, e.g., where facts are in dispute, it is not always needed. *See Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325–26 (Fed. Cir. 2016)

(“[I]t is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues.”). Appellants’ bare assertion that evidence is needed here, without any supporting reasoning as to why, is insufficient to require the Examiner to provide evidentiary support.⁶

The Federal Circuit, moreover, has repeatedly observed that “the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The court has, thus, held that the USPTO carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant 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.” *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011). Thus, all that is required of the Office is that it sets forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. *Id.*; *see also 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.”).

In rejecting the pending claims under § 101, the Examiner analyzed the claims using the *Mayo/Alice* two-step framework, consistent with the guidance set forth in the USPTO’s 2014 Interim Guidance on Subject Matter

⁶ We note that the Appellants have put forward no rebuttal evidence showing the claims are not directed to an abstract idea.

Eligibility and July 2015 Update, in effect at the time the Final Office Action was mailed. The Examiner, thus, set forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. And we find that, in doing so, the Examiner set forth a proper rejection under § 101 such that the burden shifted to Appellants to demonstrate that the claims are patent-eligible.

Appellants cannot reasonably maintain that the rejection was not understood or that the rejection otherwise fails to satisfy the notice requirement of § 132. Indeed, Appellants' understanding of the rejection is plainly manifested by Appellants' responses, as set forth in their briefs.

Responding to the Examiner's Answer, Appellants variously argue in the Reply Brief that the Federal Circuit's decisions in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016); *Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016); and *McRO* "explicitly contradict" many of the reasons for the § 101 rejection (Reply Br. 2). None of Appellants' arguments is persuasive.

As an initial matter, we cannot agree with Appellants that there is any parallel between the present claims and those at issue in *Enfish*, which the Federal Circuit held were directed to "a specific improvement to the way computers operate." *Enfish*, 822 F.3d at 1336. Appellants argue that, as compared to conventional computer systems, the claimed data collection and processing mechanism improves data accuracy by collecting user data from among multiple accounts and multiple data sources; improves monitoring with faster detection of a threshold condition; and improves data access intervention by not only generating an advisory alert but also automatically imposing user-specific intervention measures (Reply Br. 2–5). Yet, even

accepting Appellants' argument, there is a fundamental difference between computer functionality improvements, on the one hand, and uses of existing computers as tools to perform a particular task, on the other. Indeed, the Federal Circuit applied this distinction in *Enfish*, in rejecting a § 101 challenge at the step one stage in the *Alice* analysis because the claims at issue focused on a specific type of data structure, i.e., a self-referential table for a computer database, designed to improve the way a computer carries out its basic functions of storing and retrieving data, and not merely on asserted advances in uses to which existing computer capabilities could be put.

Enfish, 822 F.3d at 1335–36.

We find no parallel here between independent claims 1 and 39 and the claims in *Enfish* nor any comparable aspect in claims 1 and 39 that represents an improvement to computer functionality. The alleged advantages that Appellants tout do not concern an improvement to computer capabilities but instead relate to an alleged improvement in managing position concentration risk exposure for which a computer is used as a tool in its ordinary capacity.

For much the same reasons, we also cannot agree with Appellants that there is any parallel between the present claims and those at issue in *Bascom* (Reply Br. 5). There, the Federal Circuit held that the second step of the *Mayo/Alice* framework was satisfied because the claimed invention “represents a ‘software-based invention[] that improve[s] the performance of the computer system itself.’” *Bascom*, 827 F.3d at 1351 (stating that like *DDR Holdings*, where the patent “claimed a technical solution to a problem unique to the Internet,” the patent in *Bascom* claimed a “technology-based solution . . . to filter content on the Internet that overcomes existing

problems with other Internet filtering systems . . . making it more dynamic and efficient”) (citations omitted). As described above, we find no comparable aspect in claims 1 and 39 that represents an improvement to computer functionality.

Appellants’ argument that the claims are analogous to those at issue in *McRO* is likewise unpersuasive (Reply Br. 5–6). The Federal Circuit premised its determination that the claims in *McRO* were patent-eligible on the fact that the claims, when considered as a whole, were directed to a technological improvement over the existing, manual 3–D animation techniques and used limited rules in a process specifically designed to achieve an improved technological result in conventional industry practice. Appellants assert that, similar to the patent-eligible claims in *McRO*, the claimed process implements a novel set of rules that improves on the prior art processes of managing risk (*id.* at 6). But we are not persuaded that managing risk is a technological process, as opposed to a business process or that activating intervening measures to limit a trader’s exposure is a technological improvement, rather than an improvement to a business process.

We are not persuaded, on the present record, that the Examiner erred in rejecting claims 1–3, 7–13, 16–27, 39–51, and 54–59 under 35 U.S.C. § 101. Therefore, we affirm the Examiner’s rejection.

DECISION

The Examiner’s rejection of claims 1–3, 7–13, 16–27, 39–51, and 54–59 under 35 U.S.C. § 112, first paragraph, is reversed.

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The Examiner's rejection of claims 1–3, 7–13, 16–27, 39–51, and 54–59 under 35 U.S.C. § 112, second paragraph, is reversed.

The Examiner's rejection of claims 1–3, 7–13, 16–27, 39–51, and 54–59 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