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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK GREENSTEIN

Appeal 2017-002077
Application 14/088,593
Technology Center 3600

Before JEREMY J. CURCURI, BARBARA A. BENOIT, and
DAVID J. CUTITTA, II *Administrative Patent Judges*.

CURCURI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–9. *See* Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

Claims 1–9 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more. Final Act. 2.

Claims 1–9 are rejected under 35 U.S.C. § 112(b) as being indefinite. Final Act. 2–6.

Claims 1–9 are rejected under pre-AIA 35 U.S.C. § 103(a) as obvious over Asher (US 2005/0160029 A1; Jul. 21, 2005) and Wasserman (US 2011/0178823 A1; Jul. 21, 2011). Final Act. 6–9.

We affirm.

STATEMENT OF THE CASE

Appellant’s invention relates to “assigning and managing the rights to receive taxes when amounts are disbursed from tax-advantaged accounts for which a prior deduction has been received.” Abstract; *see also* Fig. 4 (Tax Collection Entity 8 receiving Consideration 60 from Investor(s) 4; Investor(s) 4 receiving Right to Receive Taxes 64 from Tax Collection Entity 8). Claim 1 is illustrative and reproduced below (paragraphing added for readability):

1. A method of using one or more computers to manage amounts owed by reason of taxes received, wherein amounts are removed from tax-deferred vehicles, amounts removed from tax-deferred vehicles and contributions to tax-exempt vehicles are tracked and recorded;

taxes are received by reason of removal of amounts from tax-deferred vehicles, a sale of amounts based on amounts removed from tax-deferred vehicles is made and recorded;

wherein the sale includes a specification of the measure amounts owed by reason of the receipt of such of taxes, the method comprising:

a specification of the measure of the amounts owed by reason of taxes on amounts withdrawn from tax-deferred vehicles;

determining that a contribution to or withdrawal from such tax-deferred vehicles has occurred using one or more computers to track amounts contributed to and withdrawn from such tax-deferred vehicles;

specifying adjustments to the measure of amounts owed to purchasers of amounts owed by reason of the receipt of such taxes sold and owed to purchasers based on removal of amounts from tax-deferred vehicles;

adjusting the amount owed to purchasers of amounts owed by reason of the receipt of such taxes to take account of withdrawals and contributions to the tax-deferred vehicles determined subsequent to the sale of such amounts;

adjusting the amount owed by reason of taxes received by reason of contributions to and removal of amounts from tax-deferred vehicles which are sold to take account of subsequent withdrawals from and contributions to the tax-deferred vehicles;

specifying an adjustment to take account of a change in tax rates;

adjusting the amount owed to purchasers to take account of any specified adjustment in tax rates;

using one or more computers to divide the rights to receive the adjusted amount payable based on removal of amounts from tax-deferred vehicles into qualitatively different interests which provide rates of return based on factors which are different from each other;

tracking the ownership of such different interests;

receiving adjusted amounts payable by reason of contributions to and removal of amounts from tax-deferred vehicles transferring the amounts due to the owners of the qualitatively different interests which provide rates of return based on factors which are different from each other.

PRINCIPLES OF LAW

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

ANALYSIS

THE 35 U.S.C. § 101 REJECTION OF CLAIMS 1–9

Contentions

The Examiner concludes claims 1–9 are directed to a judicial exception without significantly more. *See* Final Act. 2; *see also* Ans. 10–13. In particular, the Examiner concludes

Claim(s) 1–10 [*sic*] is/are directed to (i) a fundamental economic practice and (ii) a method of organizing human activities (i.e. managing an investment vehicle).

The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because the additional element(s) or combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than: (i) mere instructions to implement the idea on a computer, and/or (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry.

Final Act. 2; *see also* Ans. 11 (“Like the management of an investment vehicle (risk management contracts) in *Alice*, the concept of managing investment vehicle (sold tax accounts) is a fundamental economic practice long prevalent in our system of commerce. As such, the claimed invention is a patent-ineligible abstract idea.”), Ans. 11–12 (“Like the identification

and forwarding of commodities due to purchasers in *Bilski*, the concept of measuring and forwarding amounts due to purchasers is a fundamental economic practice long prevalent in our system of commerce. As such, the claimed invention is a patent-ineligible abstract idea.”), and Ans. 13 (“Like the fraud detection in *CyberSource*, the concept of ‘measur[ing] and forward[ing] the amounts due to the purchasers’ is a method that could be performed in the human mind or with a pen-and-paper. As such, the claimed invention is a patent-ineligible abstract idea.”).

Appellant presents the following principal arguments:

i.

The claims are not directed to managing an investment vehicle. The claims do not describe the management of “a product used by investors with the intention of having positive returns.” Also, no property is managed toward the goal of achieving positive returns, e.g., not [*sic*] property is purchased or sold with the objective of achieving positive returns. . . . In short, the claims merely operate to measure and forward the amounts due to the purchasers in a manner which is specific to the nature of what is sold.

Appeal Br. 21; *see also* Reply Br. 4 (“management of a vehicle, while undefined and not referenced by the Examiner, presumably means more than for example purchasing a coin and placing it in a drawer, instead it must include operating to achieve the goal of profit which involves purchasing and selling investments”), Reply Br. 5 (“the adjustments are not management if management means attempting to achieve a profit per the definition of investment vehicle”), and Reply Br. 5–6 (“the claims [*sic*] respond to a problem which originated very recently and contains [*sic*] limitations, such as the previously discussed adjustments that are very

specific to the problems and limit the application of the claims to the noted problem.”).

ii.

The Examiner asserts that contrary to the definition [of investment vehicle] cited by Applicant that the objective of achieving positive returns is not a necessary component of an investment vehicle. Examiner does not cite any source for this assertion. Therefore, Examiner’s position is an opinion with no supporting evidence in the record which is not permissible.

Appeal Br. 21.

iii.

A reasoned examination of whether a streamlined [eligibility] analysis should be used would reveal that the limitations in the claims, taken together, are directed to a very specific issue and modern problem that severely limits its practical application. Once this is understood a streamlined analysis would be appropriate even if the claims were directed to a judicial exception.

Appeal Br. 22; *see* Reply Br. 7–8.

iv. “[T]he combination of novelty, usefulness and unconventional steps means the claims are not an abstract idea and are significantly more applying the language cited by the Examiner.” Appeal Br. 22.

v. There is no technology requirement as stated by the Examiner. *See* Appeal Br. 22–23; *see also* Reply Br. 8–9.

Our Review

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this provision contains an important implicit exception: laws of nature, natural phenomena,

and abstract ideas are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the application of these concepts may be deserving of patent protection. *Mayo Collaborative Services v. Prometheus Labs., Inc.*, 566 U.S. 66, 71–72 (2012). In *Mayo*, the Court stated that “to transform an unpatentable law of nature into a patent-eligible *application* of such a law, one must do more than simply state the law of nature while adding the words ‘apply it.’” *Mayo*, 566 U.S. at 72 (citation omitted).

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts.” *Alice*, 134 S.Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, then the second step in the analysis is to consider the elements of the claims “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). In other words, the second step is to “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).

“A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 77–78). The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding ‘insignificant post[-]solution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation omitted). The Court in *Alice* noted that “[s]imply appending conventional steps, specified at a high level of generality,’ [was] not ‘enough’ [in *Mayo*] to supply the ‘inventive concept.’” *Alice*, 134 S.Ct. at 2357 (quoting *Mayo*, 566 U.S. at 82–83, 77–78, and 72–73).

Step one: Are the claims at issue directed to a patent-ineligible concept?

Appellant’s Specification describes the invention as “transferring the right to receive taxes due [when] amounts are withdrawn from [a] tax-deferred solution in exchange for current consideration such as money.” Spec. 3:25–4:1; *see also* Fig. 4 (Tax Collection Entity 8 receiving Consideration 60 from Investor(s) 4; Investor(s) 4 receiving Right to Receive Taxes 64 from Tax Collection Entity 8). In particular, Claim 1 is a method claim reciting method steps of “manag[ing] amounts owed by reason of taxes received.”

Exchanging consideration for a right to receive future payments, as well as managing the amounts of those future payments, is a fundamental business practice, long prevalent in our system of commerce, like the risk hedging in *Bilski* (*see Bilski v. Kappos*, 561 U.S. 593 (2010)), the intermediated settlement in *Alice* (*see Alice*, 134 S. Ct. at 2356–57),

verifying credit card transactions in *CyberSource* (see *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011)), collecting and analyzing information to detect and notify of misuses in *FairWarning* (see *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016)), and guaranteeing transactions in *buySAFE* (see *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014)). Exchanging consideration for a right to receive future payments, as well as managing the amounts of those payments is also a building block of a market economy. The particulars of the management of the amounts of those payments are all part of the abstract idea. Thus, managing amounts owed by reasons of taxes received as recited in claim 1, like the fundamental business practices above, is an “abstract idea” beyond the scope of § 101. See *Alice* 134 S. Ct. at 2356. Accordingly, do not see error in Examiner’s determination that the claims are directed to a fundamental economic practice (Final Act. 2).

Step two: Is there something else in the claims that ensures they are directed to significantly more than a patent-ineligible concept?

Because claim 1 is directed to an abstract idea, the question to be settled next, according to *Alice*, is whether claim 1 recites an element, or combination of elements, that is enough to ensure that the claim is directed to significantly more than the abstract idea.

Claim 1 recites “using one or more computers to manage amounts owed by reason of taxes received.” These claimed computers are generic, purely conventional elements. Appellant’s Specification confirms that the recited “one or more computers” are generic, conventional elements. Spec. 7–9.

Additional limitations recited in the claim include, for example, “using one or more computers to track amounts contributed to and withdrawn from such tax-deferred vehicles”; and “using one or more computers to divide the rights to receive the adjusted amount payable based on removal of amounts from tax-deferred vehicles into qualitatively different interests which provide rates of return based on factors which are different from each other.” Thus, the claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities. Put another way, looking beyond the abstract idea of managing amounts owed by reasons of taxes received, we do not see any inventive concept in the remaining claim limitations individually or in combination. Appending various combinations of conventional computers is not enough to transform the idea into a patent-eligible invention. *See Alice*, 134 S.Ct. at 2358 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”).

Appellant’s arguments

Regarding Appellant’s arguments (i) and (ii), these arguments do not show any error in the Examiner’s conclusions because, for reasons discussed above, we conclude managing amounts owed by reasons of taxes received, like the fundamental business practices discussed above, is an “abstract idea” beyond the scope of § 101. *See Alice* 134 S. Ct. at 2356. We are not persuaded of Examiner error where the Examiner concluded that the claimed invention is directed toward management of an investment vehicle. Final Act. 2; *see also* Ans. 11. The Examiner’s determination is based on the

finding that “[a] vehicle in which an investor invests funds is inherently an investment vehicle” and the Appellant’s specification referring to investors as principal actors in the invention. Ans. 11 (citing Spec. 9, Fig. 1); Spec. 1 (characterizing Fig. 1 as depicting “the principal actors in the invention”); Spec. 1 (indicating the title of the application is “Selling Income from Tax Deferred Investments”).

In addition, Appellant characterizes its claims as describing “how to monetize amounts to be received in taxes from tax-deferred vehicles, such as Individual Retirement Accounts, and making these amounts available for current budgetary priorities.” Reply Br. 2. This characterization further supports the Examiner’s determination that the claimed invention is directed toward management of an investment vehicle.

Regarding Appellant’s arguments (iii) and (v), these arguments also do not show any error in the Examiner’s conclusions. In determining subject matter eligibility, we apply the two-part analysis from *Alice* and *Mayo*. Based on this two-part analysis, we have determined that the claims are directed to an abstract idea, without reciting significantly more.

Moreover, a streamlined eligibility analysis is a process that the Examiner *can* use when the claims viewed as a whole “clearly” do not seek to tie up any judicial exception such that others cannot practice it. Ans. 12 (quoting the Federal Register notice). In other words, the streamlined process shortens the analysis required in certain cases. Nor should the streamlined method produce a different result than the two-step analysis of *Alice*. In addition, the Federal Register guidance further explained that “if there is doubt as to whether the applicant is effectively seeking coverage for a judicial exception itself, the full analysis should be conducted.” Ans. 12

(quoting the Federal Register notice). The Examiner conducted the full analysis because the Examiner had doubts, which the Examiner explained were based on the examples provided by the guidance in the Federal Register and the claim as a whole. Ans. 13.

In addition regarding Appellant's argument (v), the Examiner responds that concepts that can be performed in the human mind or with a pen-and-paper are patent-ineligible abstract ideas. Ans. 13. Appellant acknowledges this limitation on patent eligibility. Reply Br. 8.

Regarding Appellant's argument (iv), this argument does not show any error in the Examiner's conclusions because the particulars of the management of the amounts of the payments are all part of the abstract idea. The claims do no more than require generic computer elements to perform generic computer functions, rather than improve computer capabilities. Put another way, "[t]he '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 [section] 101 categories of possibly patentable subject matter." *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1315 (Fed. Cir. 2016) (quoting *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981)).

Conclusion

We sustain the Examiner's rejection under 35 U.S.C. § 101 of claim 1. We also sustain the Examiner's rejection under 35 U.S.C. § 101 of claims 2–9, which are not separately argued with particularity. *See* Appeal Br. 20–23; *see also* Reply Br. 3–9.

THE INDEFINITENESS REJECTION OF CLAIMS 1–9

Contentions

The Examiner concludes claims 1–9 are indefinite. Final Act. 2–6; *see also* Ans. 13–14.

Appellant argues claims 1–9 are definite when analyzed from the perspective of a skilled artisan. *See* Appeal Br. 14–20; *see also* Reply Br. 20–27.

Our Review

During examination of a patent application, a claim is given its broadest reasonable construction “in light of the specification as it would be interpreted by one of ordinary skill in the art.” *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004) (citations omitted) (internal quotation marks omitted). Additionally, “[t]hough understanding the claim language may be aided by the explanations contained in the written description, it is important not to import into a claim limitations that are not a part of the claim.” *See SuperGuide Corp. v. DirecTV Enterprises, Inc.*, 358 F.3d 870, 875 (Fed. Cir. 2004).

We agree with and adopt as our own the Examiner’s conclusions for the reasons given by the Examiner in the Final Action on pages 2–6 and in the Examiner’s Answer on pages 13–14.

We recognize that the claimed invention is directed to managing amounts owed by reason of taxes received. *See* Claim 1. We also recognize that a skilled artisan would understand the concepts presented in the Specification. However, as drafted, the claims contain structural problems resulting in indefiniteness, which should be corrected by amending the

claims. When interpreting the claims under the broadest reasonable interpretation standard, we decline to import limitations from the Specification to correct these structural problems.

We, therefore, sustain the Examiner’s indefiniteness rejection claim 1. We also sustain the Examiner’s indefiniteness rejection of claims 2–9, which are not separately argued with particularity. *See* Appeal Br. 14–20; *see also* Reply Br. 20–27.

THE OBVIOUSNESS REJECTION OF CLAIMS 1–9 OVER ASHER AND WASSERMAN
Contentions

The Examiner finds Asher (titled “System and Method for Forming a Financial Instrument Indexed to Entertainment Revenue”) and Wasserman (titled “Defraying Taxes on Conversion of Traditional Individual Retirement Account to a Roth Individual Retirement Account”) teach all limitations of claim 1. Final Act. 6–8; *see also* Ans. 15–22.

In particular, the Examiner finds Asher’s financial instrument indexed to entertainment revenue

does not teach a method wherein the revenue is derived from taxes paid by reason of removal of amounts from tax-deferred vehicles; tracking the amounts contributed to and withdrawn from such tax-deferred vehicles; specifying an adjustment to take account of a change in tax rates; adjusting the amount owed due to any specified adjustment in tax rates.

Final Act. 7 (citing Asher ¶¶ 31, 32, 52); *see also* Ans. 16–19.

In particular, the Examiner finds Wasserman’s defraying taxes on conversion of traditional Individual Retirement Account to a Roth Individual Retirement Account cures the deficiencies of Asher. Final Act. 7 (citing Wasserman ¶¶ 17–18, 30); *see also* Ans. 19–22.

The Examiner reasons

It would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Asher by incorporating revenue generated by any means that the inventor wanted, such as the revenue traditionally generated via taxes based upon the removal of amounts from tax-deferred vehicles, as disclosed by Wasserman, thereby allowing for a tax agency to raise funding today secured through the promise of repayment via revenue raised tomorrow.

Final Act. 7–8.

Appellant presents the following principal arguments:

i. “In *Asher* the value of interests changes [is] not due to adjustments but rather [is] due to the changes in value of the underlying securities or securities bundle. These are not adjustments at all but rather changes in value due to marketplace fluctuations.” Appeal Br. 11; *see also* Reply Br. 11–15.

ii. “Instead those paragraphs [of Wasserman (¶¶ 17–18)] are addressed to the purchase of an annuity and the deferral of taxes without any discussion of tracking amounts contributed and withdrawn.” Appeal Br. 12. “The cited paragraph of Wasserman [(¶ 30)] instead is concerned wither [*sic*] the interaction of the annuity and the payment of taxes at the then prevailing rate and not any adjustment of amounts owed to an investor due to a change in tax rates and is therefore inapposite.” Appeal Br. 12; *see also* Reply Br. 15–20.

iii. The claims are not obvious based on additional considerations. *See* Appeal Br. 12–14.

Our Review

It is well settled that “[b]efore considering the rejections . . . , we must first [determine the scope of] the claims” *In re Geerdes*, 491 F.2d 1260, 1262 (CCPA 1974). In the present case, for reasons explained above, the metes and bounds of the claim protection being sought cannot be reasonably ascertained. It would be improper, then, to speculate as to the meaning of the claims. A prior art rejection of a claim, which is so indefinite that “considerable speculation as to [the] meaning of the terms employed and assumptions as to the scope of such claims” is needed, is likely imprudent. *See In re Steele*, 305 F.2d 859, 862, (CCPA 1962) (holding that the Examiner and the Board were wrong in relying on what, at best, were speculative assumptions as to the meaning of the claims and in basing a rejection under 35 U.S.C. § 103 thereon).

We, therefore, summarily reverse the Examiner’s rejection under pre-AIA 35 U.S.C. § 103(a) of claims 1–9.

ORDER

The Examiner’s decision rejecting claims 1–9 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).

AFFIRMED