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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* JOHN CURTIS JONES, PATRICK P. FRITCHIE,  
STEVE KOTLINSKI, JAY BRIAN SAILER,  
PATHIK H. SONI, ERICH IWEN, RONALD R. HOHS, and  
WILLIAM B. WILLIAMS

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Appeal 2017-003026  
Application 13/326,034  
Technology Center 3600

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Before ERIC S. FRAHM, LARRY J. HUME, and JOYCE CRAIG,  
*Administrative Patent Judges.*

CRAIG, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants<sup>1</sup> appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–18 and 20, which are all of the claims pending in this application.<sup>2</sup> We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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<sup>1</sup> According to Appellants, the real party in interest is Abbott Laboratories of Illinois. App. Br. 1.

<sup>2</sup> Claim 19 has been canceled. App. Br. 21 (Claim App'x).

## INVENTION

Appellants' invention relates to automated laboratory inventory management using RFID technology. Abstract. Claim 1 is illustrative and reads as follows:

1. A laboratory information management system, comprising:

a receiving portal located at an entryway of a laboratory;

at least one laboratory item received at a delivery location corresponding to the laboratory, the at least one received laboratory item having a corresponding RFID tag physically affixed thereto or physically affixed to packaging corresponding thereto, so as to define a tagged item;

an RFID scanner located in the receiving portal, the RFID scanner coupled to an RFID antenna, wherein the RFID scanner is configured to automatically scan the RFID when the least one laboratory item and corresponding RFID tag is passed through the receiving portal, the automatic scanning causing the RFID tag to transmit item information stored in the RFID tag to the RFID antenna;

a local computer operatively coupled to an inventory database, to a remote computer, and to the RFID scanner, wherein the local computer is configured to receive the item information transmitted by the RFID scanner;

a product catalogue stored on the local computer and received from the remote computer;

the local computer configured to monitor an inventory database to determine if an amount of a particular kind of laboratory item is less than a predetermined amount;

the local computer configured to generate the purchase order for the laboratory item based on the stored product catalog, wherein the generated purchase order details a plurality of laboratory items to be ordered, including the laboratory item to be obtained, and specifies a delivery location;

the local computer configured to transmit the purchase order to the remote computer to communicate the purchase order to a vendor;

the local computer configured to receive an advance shipping notice generated by the remote computer in response to the transmitted purchase order; and

the local computer configured to check the item information against the advance shipping notice to verify that the tagged item is the same as the ordered laboratory item.

### REJECTIONS

Claims 1–10 stand rejected under 35 U.S.C. § 112(b) or 35 U.S.C. § 112 (pre-AIA), second paragraph, as indefinite. Final Act. 4–5.

Claims 1–18 and 20 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception without significantly more. Final Act. 5–7.

Claims 1, 2, and 8–10 stand rejected under 35 USC § 103 as unpatentable over the combination of Hyre et al. (US 2012/0101956 A1, published Apr. 26, 2012) (“Hyre”), Alloul et al. (US 6,032,130, issued Feb. 29, 2000), and Postma et al. (US 2011/0246215 A1, published Oct. 6, 2011) (“Postma”). Final Act. 8–11.

Claims 11, 12, 14–17, and 20 stand rejected under 35 USC § 103 as unpatentable over the combination of Hyre and Postma. Final Act. 12–17.

Claims 3–7, 13, 18, and 20 stand rejected under 35 U.S.C. § 103 as unpatentable over the combination of Hyre and Postma combined with other prior art references. Final Act. 17–24.

## ANALYSIS

### *Rejection of Claims 1–18 and 20 under § 101*

We have reviewed the § 101 rejection of claims 1–18 and 20 in light of Appellants’ arguments that the Examiner erred. We have considered in this decision only those arguments Appellants actually raised in the Briefs. Any other arguments Appellants could have made, but chose not to make, in the Briefs are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellants’ arguments are not persuasive of error. We agree with and adopt as our own the Examiner’s findings of facts and conclusions as set forth in the Answer (Ans. 3–5) and in the Action from which this appeal was taken (Final Act. 5–7). We provide the following explanation for emphasis.

Appellants contend the Examiner erred in rejecting the pending claims as directed to a judicial exception (i.e., an abstract idea) without significantly more. *See* App. Br. 10. Appellants argue claims 1–18 and 20 as a group (*id.*), and we choose claim 1 as representative of the group. *See* 37 C.F.R. § 41.37(c)(1)(iv).

In *Alice*, the Supreme Court sets forth an analytical “framework 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. Pty, Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012)). The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* (citing *Mayo*, 566 U.S. at 77–78). If the claims are directed to a patent-ineligible concept, 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.* (brackets in original) (quoting *Mayo*, 566 U.S. at 72–73). 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 postsolution activity.’” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation omitted).

Appellants first argue the claims “do not and would not preempt” the abstract idea of inventory management, which is a fundamental economic practice. App. Br. 9. Appellants argue “such lack of preemption should reduce the preclusive effect of the judicial exceptions as applied to applicant's claimed invention.” *Id.* at 10.

Appellants’ arguments do not persuade us of error. Although the Supreme Court has described “the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption,” *Alice Corp.*, 134 S. Ct. at 2354, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing pre-emption 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). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Turning to the first step of the *Alice* inquiry, we agree with the Examiner that limitations of the claims are directed to the abstract idea of inventory management, which is a fundamental economic practice long prevalent in our system of commerce, and is an abstract idea beyond the scope of § 101. Final Act. 6; *see also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1351 (Fed. Cir. 2014) (claims directed to a fundamental economic practice were abstract); *Alice*, 134 S. Ct. at 2356–57) (claims directed to fundamental economic practice of intermediated settlement are abstract).

Appellants argue in the Reply Brief that, similar to the claims in intervening case *McRO, Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), the claims here improve upon the computer-related technology of automated inventory control, which is part of the overall concept of inventory management. Reply Br. 7. Appellants argue, like the improvements in *McRO*, the claims overcome “the problems of requiring manual data entry, involving error prone human intervention, and restricted supply-chain visibility.” *Id.* at 8.

Appellants’ arguments are not persuasive. *See* Reply Br. 7–8. Limiting the use of an abstract idea to a particular technological environment, e.g., RFID technology, does not make a claim less abstract. *See Alice Corp.*, 134 S. Ct. at 2358. Nor is the recitation of a practical application for an abstract idea sufficient to transform the abstract idea into a patent-eligible invention. *CyberSource Corp. v. Retail Decisions, Inc.*, 654

F.3d 1366, 1371 (Fed. Cir. 2011) (“The Court [in *Parker v. Flook*, 437 U.S. 584 (1978)] rejected the notion that the recitation of a practical application for the calculation could alone make the invention patentable.”).

Moreover, that the claims recite implementation by RFID computing systems does not make the claims patent eligible. The recited RFID elements, such as tags, scanners, readers, and antennae, are used for their intended purpose, and the claims do not recite any specific improvement in the technical field or technology of RFID computing systems. *See McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016); *see also In re TLI Comm’ns LLC Patent Litigation*, 823 F.3d 607, 612–13 (Fed. Cir. 2016) (concluding that using a generic telephone for its intended purpose was a well-established “basic concept” sufficient to fall under Alice step 1).

For these reasons, we are not persuaded of error in the Examiner’s conclusion that the claims are directed to the abstract idea of inventory management, which we agree is a fundamental economic practice. *See Final Act. 6.*

Turning to the second step of the *Alice* inquiry, we find nothing in claim 1 that adds anything “significantly more” to transform the abstract concept of determining rough diamond prices into patentable subject matter. *Alice Corp.*, 134 S. Ct. at 2357.

Appellants first argue that, “[a]lthough an RFID scanner may be well-known when taken individually as a separate and isolated component, use of such an RFID scanner in conjunction with the applicant’s claimed features amounts to significantly more than an abstract idea.” App. Br. 11.

We are not persuaded of error. The Examiner’s analysis considered the claim elements both individually and as a whole. *See* Ans. 4.

Appellants next argue that “the subject invention can be analogized to a robotic arm assembly and separately to *Diamond v. Diehr*.” App. Br. 13; *Diamond v. Diehr*, 450 U.S. 175 (1981). In particular, Appellants argue the claims recite specific steps using recited hardware components that constitute unconventional steps that confine the claim to a particular useful application. *Id.* Appellants argue:

the claimed receiving portal strategically located in the entryway, together with the RFID scanner located at the same location, the product catalog stored on the local computer, the generation of a purchase order based on the product catalog, the advance shipping notice, and the checking of the item information against the advance shipping notice, are not mere components used to carry out the base inventory management concept. Rather, such additional components and process steps go beyond routine structure and are directed to solving the known problems of a specific laboratory inventory management system, and represent significantly more than the abstract idea, when taken as a whole and as an ordered combination of elements.

Reply Br. 10–11.

We disagree. We decide in step two whether the claims: (a) set forth an inventive concept that provides a specific means or method that improves the relevant technology, or (b) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016). The invention in *Diehr* differs significantly from that in claim 1 because, in *Diehr*, the new application of a mathematical correlation in a physical molding process resulted in an improved molding process that

overcomes curing problems in the prior art. *Diehr*, 450 U.S. at 178, 187. Appellants do not provide persuasive technical reasoning with regard to how the recited hardware, product catalog, purchase order, and/or shipping notice elements address a technological problem or are technological improvements. Appellants do not provide specific, technical details for the tangible components, but rather describe the recited methods and systems in generic or functional terms. *See* App. Br. 5.

“[N]ot every claim that recites concrete, tangible components escapes the reach of the abstract-idea inquiry.” *In re TLI Comm’ns LLC Patent Litigation*, 823 F.3d 607, 611 (Fed. Cir. 2016). In particular, in *TLI Communications*, the court noted claims reciting general-purpose computer components, a “scanner,” an “interface,” “network,” and a “database” were nevertheless “directed to” an abstract idea. *Id.* (citing *Alice*, 134 S.Ct. at 2360). Appellants’ conclusory arguments that the claims here differ significantly from those in *TLI Communications* are not persuasive. *See* Reply Br. 10–11.

For these reasons, we agree with the Examiner that the identified elements are directed to a result or effect that itself is the abstract idea of inventory management.

Accordingly, we sustain the Examiner’s § 101 rejection of representative, independent claim 1, as well as the Examiner’s § 101 rejection of independent claims 11 and 16, which fall with claim 1. Reply Br. 11. We also sustain the Examiner’s § 101 rejection of dependent claims 2–10, 12–15, 17, 18, and 20, which fall with the independent claims from which those claims depend. *Id.*

Appeal 2017-003026  
Application 13/326,034

*Rejections of Claims 1–10 under § 112 and Claims 1–18 and 20 under § 103*

Appellants have not presented arguments directed to the rejections of claims 1–10 under § 112, second paragraph, or claims 1–18 and 20 under § 103(a). Accordingly, we affirm those rejections *pro forma*. See Reply Br. 11.

#### DECISION

We affirm the decision of the Examiner rejecting claims 1–18 and 20.

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). See 37 C.F.R. § 41.50(f).

AFFIRMED