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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JONATHAN L. STEINBERG AND
LUCIANO SIRACUSANO III¹

Appeal 2017-003053
Application 13/412,434
Technology Center 3600

Before ROBERT E. NAPPI, ERIC S. FRAHM and JAMES W. DEJMEK,
Administrative Patent Judges.

NAPPI, *Administrative Patent Judge.*

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1, 2, and 5 through 21. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellants, the real party in interest is Wisdom Tree Investments, Inc. Appeal Br. 3.

INVENTION

Appellants' disclosed invention is directed to a financial instrument formed by selecting and weighting securities according to selection and weighting criteria. Abstract. Claim 1 is representative of the invention and reproduced below.

1. A system for creating a financial instrument, comprising:
 - at least one non-transitory storage medium; and
 - at least one computer that executes instructions stored in the at least one non-transitory storage medium to create a financial instrument, comprising:
 - a first index comprising a first and second security, the first and second security having a positive dividend yield;
 - the first security issued by a first affiliated entity, the first security comprising a first fundamental datum satisfying a first selection criterion comprising at least one of security type, dividend paid, issuing entity revenue, number of employees of issuing entity, trading forum of security, geographic location of issuing entity or headquarters thereof, date of security maturation, or presence in another index;
 - the second security issued by a second affiliated entity, the second security comprising a second fundamental datum satisfying the first selection criterion;
 - a second index comprising:
 - a first plurality of securities chosen from the first index, the first plurality of securities comprising the securities having the highest ranking according to the first selection criterion; and at least one record stored in at least one non-transitory medium that identifies the first and second indexes; and
 - wherein the first and second securities are ranked within the first index according to the first selection criterion.

REJECTION AT ISSUE²

The Examiner has rejected claims 1, 2, and 5 through 21 under 35 U.S.C. § 101 for being directed to patent-ineligible subject matter. Final Act. 2–3.

The Examiner has rejected claims 1, 2, 5 through 11, and 13 through 21 under 35 U.S.C. § 103(a) as being unpatentable over Jones (US 2005/0060254 A1; published March 17, 2005) and Vass (US 7,251,617 B1; issued July 31, 2007). Final Act. 4–6.

The Examiner has rejected claims 12 and 20 under 35 U.S.C. § 103(a) as being unpatentable over Jones, Vass and Molinari (US 2003/0041036 A1; published February 27, 2003). Final Act. 6.

PRINCIPLES OF LAW

Patent-eligible subject matter is defined in 35 U.S.C. § 101 of the Patent Act, which recites:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

There are, however, three judicially created exceptions to the broad categories of patent-eligible subject matter in 35 U.S.C. § 101: laws of nature, natural phenomena, and abstract ideas. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012). Although an abstract idea

² Throughout this Decision we refer to the Appeal Brief (Appeal Br.) filed July 25, 2016, Reply Brief (Reply Br.) filed December 12, 2016, Final Office Action (Final Act.) mailed September 18, 2015, and the Examiner's Answer (Answer) mailed October 11, 2016.

itself is patent ineligible, an application of the abstract idea may be patent eligible. *Alice*, 134 S. Ct. at 2355. Thus, we must 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.* (citing *Mayo*, 566 U.S. at 78–80). The claim must contain elements or a combination of elements that are “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself.” *Id.* (citing *Mayo*, 566 U.S. at 72–73).

The Supreme Court sets forth a two-part “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Id.* at 2355. First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. *Mayo*, 566 U.S. at 76–77. If so, 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.* The court has described step two of this analysis 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.* at 71–73.

ANALYSIS

We have reviewed Appellants' arguments in the Briefs, the Examiner's rejections, and the Examiner's response to Appellants' arguments. Appellants' arguments have not persuaded us of error in the Examiner's conclusion that the claims are directed to patent-ineligible subject matter or that the claims are obvious over the prior art.

Rejection under 35 U.S.C. § 101

Appellants argue on pages 5 and 6 of the Appeal Brief and pages 2 and 3 of the Reply Brief that the claims are drawn to a financial instrument and as such is not directed to an abstract idea. Specifically, Appellants argue:

The financial instrument did not exist before the claims and is created by them. Individual financial instruments can be bought and sold. Abstract ideas cannot be bought and sold.

Appeal Br. 5. Further, Appellants assert that the claims, create a specific financial instrument, and do preclude creation of all financial instruments comprising two indexes. Appeal Br. 6. Finally, Appellants argue that creating a financial instrument is reciting significantly more than the abstract idea and that the claim represents a "computer-centric challenge of automated creation of financial instruments." Appeal Br. 7.

The Examiner responds to Appellants' arguments regarding the claim reciting an abstraction by stating that the ability to buy or sell and "item" is not a factor in determining patent-eligibility under 35 U.S.C. § 101 and that the absence of preemption does not demonstrate patent-eligibility. Answer 3. Further, Examiner concludes that the claims do not recite significantly

more than the abstraction as the recited use of a computer is merely to perform functions generic to a computer. Answer 4.

We concur with the Examiner’s conclusion that the claims recite an abstract idea and do not recite significantly more. The Federal Circuit has explained that, in determining whether claims are patent-eligible under Section 101, “the 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.” *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). The Federal Circuit also noted in that decision that “examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.” *Id.* at 1294 n.2.

In the claims in instant case is similar to those at issue on *In re Chorna*, 656 F. App’x 1016 (Fed Cir 2016). In *Chorna* the claims at issue were directed to a financial instrument. *Id.* at 1019. The court held that financial instruments are designed to protect the risk of investing and as such are an abstract idea, an agreement between parties having an interest in monetary value. *Id.* at 1020. Here, Appellants’ Specification also shows that the claimed financial instruments are similarly directed various interests in monetary value. Spec. ¶¶ 7–9. Thus, we concur with the Examiner the financial instrument is an abstract concept.

Further, with respect to Appellants’ arguments directed to preemption, we are not persuaded of error. As stated by the Examiner, “**the absence of complete preemption does not demonstrate patent eligibility.**” Answer 3. Our reviewing court has said “[w]here a patent’s claims are deemed only

to disclose patent ineligible subject matter under the *Mayo* framework, []
preemption concerns are fully addressed and made moot.” *Ariosa*
Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371, 1379 (Fed. Cir. 2015).

We are similarly not persuaded by Appellants’ arguments that the claims recite significantly more than the abstract idea. The limitation cited by Appellants, on pages 6 and 7 of the Appeal Brief, as reciting significantly more than the abstract idea, is reciting the attributes of the securities in the financial instrument and as such is merely further defining the abstraction. These limitations define the nature of how the monetary value assigned (an abstraction) and, thus, merely present an abstraction within an abstraction, do not define an inventive concept. Further, we disagree with Appellants that the claims recite a “computer-centric” challenge. As discussed above, the claimed financial instrument is concerned with interests in monetary value and, although Appellants’ Specification describes the invention as capable of being implemented on many types of computer platforms, the Specification does not describe any manner of improving the functioning of a computer. Accordingly, Appellants’ arguments have not persuaded us of error in the Examiner’s rejection of representative claim 1 for being directed to patent-ineligible subject matter and we sustain the rejection of claims 1, 2, 5 through 21 under 35 U.S.C. § 101.

Rejections under 35 U.S.C. § 103

Appellants argue that the Examiner’s rejection of representative claim 1 under 35 U.S.C. § 103(a), is in error, as the combined teachings of the references do not teach “a first selection criterion comprising at least one of security type, dividend paid, issuing entity revenue, number of employees of

issuing entity, trading forum of security, geographic location of issuing entity or headquarters thereof, date of security maturation, or presence in another index." Appeal Br. 8; Reply Br. 8.

The Examiner, in response to Appellants' arguments, finds that the claimed system would perform the same regardless of type of selection criterion used and that Jones teaches market capitalization as a selection criteria. Answer 4.

We concur with the Examiner. Further, we note that claim 1 recites a list of criteria including "security type," "geographic location of issuing entity," and "presence of another index." These criteria are listed in the alternative, and, as such, only one needs to be present in the reference to teach the disputed limitation. Appellants' Specification identifies, security type as being an index or a fund. Thus, the scope of claim term "security type" includes market capitalization funds. We find that Jones teaches funds that meet three of the claimed criteria. Specifically, Jones teaches the Wilshire 5000 fund, the fund contains entities are based upon market capitalization (a security type), the fund "measures the performance of all US headquartered equity securities" (a geographic location criteria) and the fund includes securities in the Standard Poor's 500 Index (presence of another index). *See* Jones paras. 11 and 12. Accordingly, Appellants' arguments have not persuaded us of error in the Examiner's obviousness rejection of representative claim 1 and we sustain the rejection of claims 1, 2, 5 through 11, 13 through 19 and 21 under 35 U.S.C. § 103(a).

Appellants have not presented arguments directed to the Examiner's rejection of dependent claims 12 and 20 under 35 U.S.C. § 103(a).

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Accordingly, we sustain the Examiner's rejection of these claims for the same reasons as discussed with respect to claim 1.

DECISION

We sustain the Examiner's rejections of claims 1, 2, and 5 through 21 under 35 U.S.C. § 101 and 35 U.S.C. § 103(a).

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

AFFIRMED