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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOHN SAVAGE, LUCY LYULKIN, NATALIA GOUDKOVA,
EDWARD GRANAGHAN, CALLIE THOMAS, KURT MAKSE, ERIN
SHEEHAN, and THOMAS CONNEALLY

Appeal 2017-003731
Application 12/650,248
Technology Center 3600

Before ALLEN R. MacDONALD, JOSEPH P. LENTIVECH, and
SHARON FENICK, *Administrative Patent Judges*.

MacDONALD, *Administrative Patent Judge*.

DECISION ON APPEAL¹

¹ Appellants indicate the real party in interest is American International Group, Inc. App. Br. 1.

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from a rejection of claims 1–7. Appellants have cancelled claims 8–15. App. Br. 17. We have jurisdiction under 35 U.S.C. § 6(b). We AFFIRM.

Representative Claim

Representative claim 1 under appeal reads as follows (emphasis, formatting, and bracketed material added):

1. A computer-implemented ***method for posting a non-machine journal entry to a general ledger***, the method comprising:

[A.] accessing a non-machine journal entry application stored on a non-transitory computer readable storage medium and operated on an accounting processor;

[B.] creating a non-machine journal entry using the non-machine journal entry application;

[C.] electronically submitting the non-machine journal entry ***for approval***;

[D.] reviewing the non-machine journal entry ***for compliance*** with a set of requirements;

[E.] if the non-machine journal entry complies with the set of requirements, electronically posting the non-machine journal entry to a computer-implemented general ledger application stored on a non-transitory computer readable storage medium, the general ledger application including machine journal entries.

References

Bickerton et al.	US 6,684,384 B1	Jan. 27, 2004
Drelicharz et al.	US 2005/0209880 A1	Sept. 22, 2005
Stewart, III et al.	US 2006/0190365 A1	Aug. 24, 2006

Rejections²

1. The Examiner rejected claims 1–7 under 35 U.S.C. § 101 “because the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more,” i.e., because the claimed invention is directed to patent-ineligible subject matter. Non-Final Act. 2.³

2. The Examiner rejected claims 1–7 under 35 U.S.C. § 103(a) as being unpatentable over the combination of Bickerton, Drelicharz, and Stewart, III. Non-final Act. 6.⁴

Issues on Appeal

Did the Examiner err in rejecting claim 1 as being directed to patent-ineligible subject matter?

Did the Examiner err in rejecting claim 1 as being obvious?

² All citations to the “Non-final Action” are to the Non-final Action mailed on March 12, 2015.

³ We select claim 1 as representative. Appellants argue patent eligibility for claims 2–7 only by reference to claim 1. App. Br. 7. Except for our ultimate decision, we do not discuss the § 101 rejection of claims 2–7 further herein.

⁴ We select claim 1 as representative. Appellants argue patentability for claims 2–7 only by reference to claim 1. App. Br. 14. Except for our ultimate decision, we do not discuss the § 103 rejection of claims 2–7 further herein.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellants’ Appeal Brief arguments that the Examiner has erred.

A. Section 101

Under 35 U.S.C. § 101, a patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” The Supreme Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)). 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, 82–83 (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*, 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,” such as an abstract idea. For example, a fundamental economic practice is an abstract idea:

[In *Bilski v. Kappos*], the Court grounded its conclusion that all of the claims at issue were abstract ideas in the understanding that risk hedging was a “fundamental economic practice.” 561 U.S., at 611.

Alice, 134 S. Ct. at 2357.

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. We, therefore, look to whether the

claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016). If the claims are not directed to 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 the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78).

B. Examiner’s § 101 Rejection - Alice/Mayo - Steps 1 and 2

Applying step 1 of the *Alice/Mayo* analysis, the Examiner concludes claim 1 is directed to an abstract idea because:

Claims 1-7 are directed to a series of steps for posting non-machine journal entry to a general ledger, which are fundamental economic practices.

Non-final Act. 2.

Claims 1-7 are directed to the medium, for fundamental economic practices directed to a series of steps for posting non-machine journal entry to a general ledger.

Non-final Act. 2–3.

Applying step 2 of the *Alice/Mayo* analysis, the Examiner concludes “[t]he claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because” (1):

[T]he claims require no more than a general purpose computer to perform generic computer functions that are well-understood, routine and conventional. The claims consist of mere methods

and instructions to apply the abstract idea and there is no improvement to another technology or technical field, no improvements to the functioning of the computer itself, and no meaningful limitations beyond generally linking the use of an abstract idea to a particular technical environment.

Non-final Act. 2. Further (2):

[T]hey require no more than a generic computer to perform generic computer functions (e.g., accessing, creating, electronically submitting and posting) that are well-understood, routine and conventional activities previously known in the industry.

Non-final Act. 3.

C. Appellants' § 101 Arguments

1.

Appellants first raise the following argument in contending that the Examiner erred in rejecting claim 1 as directed to patent-ineligible subject matter.

Claim 1 recites additional elements that amount to significantly more than a judicial exception. In that regard, claim 1 *satisfies the machine-or-transformation test*. For example, the method of claim 1 includes: “accessing a *non-machine journal entry application* stored on a non-transitory computer readable storage medium and operated on an *accounting processor*,” These steps identify particular devices and *require a particularly-programmed machine*. It is respectfully submitted that the use of these features breathes life and meaning into the claims, imposes a meaningful limit on the claim’s scope, and *involves more than insignificant “extra-solution” activity*.

App. Br. 4–5 (Appellants’ emphasis omitted; Panel emphasis added).

We are unpersuaded by Appellants’ argument. First, the Courts’ *Alice/Mayo* test is not trumped by the machine-or-transformation test.

Cf. Mayo, 566 U.S. at 88 (“[W]e have neither said nor implied that the [machine-or-transformation] test trumps the ‘law of nature’ exclusion.”). Rather, the *Alice/Mayo* test is controlling.

Second, applying the *Alice/Mayo* analysis, we see no basis in the argument (or record) to treat the “journal entry” and “accounting” aspects of Appellants’ argument under step two of the *Alice/Mayo* analysis. Rather, we conclude that these aspects are directed to the fundamental business practice abstract idea under step one the *Alice/Mayo* analysis and not the “significantly more portion” of step two of the *Alice/Mayo* analysis.

Third, even if we were to treat these aspects of the claim under step two of the *Alice/Mayo* analysis, contrary to Appellants’ argument, Appellants’ “non-machine journal entry application” and “accounting processor” are not disclosed as particularly programmed machines. Rather, at paragraphs 73 and 79–80, Appellants state as to the non-machine journal entry application that the review and approval are performed by the user (“preparer” and “Approver” (“Approver can indicate his approval by using an electronic signature of approval”)) through a Review module and an Approval module. As to the accounting processor, Appellants state:

The accounting processor 140 can generally include any computational node including a mechanism for servicing requests from a client for computational resources, data storage resources, or a combination of computational and data storage resources. Furthermore, the accounting processor 140 can generally include any system that can be adapted to allow for the selective transmission of non-machine journal entries from the NMJE application 155 to the general ledger. The accounting processor 140 can generally include any component of an application that can receive input from the web users 197, 201, process the input, and present the output to the general ledger

application 150, the web server 180, and/or the database 160. The accounting processor 140 can generally include ***any component of an application that can process data, interact with the database 160, and execute business logic for the administration of the general ledger.***

Spec. ¶ 62 (emphasis added).

We find no particularity set forth for the accounting processor. Further, the recited “any component of an application that can process data, interact with the database 160, and execute business logic for the administration of the general ledger,” is equivalent to Appellants’ general ledger application 150 of which Appellants explicitly state:

The general ledger application 150 can be ***any suitable computer-implemented application*** for maintaining a company's general ledger, ***such as applications commercially available*** from AXS-One Inc. of Rutherford, New Jersey, including AXS-One’s General Ledger module of its Enterprise suite of applications.

Spec. ¶ 59 (emphasis added). We deem disclosing a claimed limitation as “any suitable” item, such as a “commercially available” example, to be a clear indication by Appellant that the claimed limitation is well-understood, routine, and conventional under the step two of the *Alice/Mayo* Analysis.

2.

Appellants also raise the following argument in contending that the Examiner erred in rejecting claim 1 as directed to patent-ineligible subject matter.

The claimed approach recited in claim 1 provides a computer-implemented tool that ***helps a user validate non-machine journal entries posted to the general ledger.*** See *id.* at

¶ [0008]. The claimed method employs a *specially-programmed machine* that includes a non-machine journal entry application which can be used to “[create] a non-machine journal entry,” as recited in claim 1. “If the non-machine journal entry complies with [a] set of requirements, . . . the non-machine journal entry [is electronically posted] to a computer-implemented general ledger application stored on a non-transitory computer readable storage medium.” Claim 1. “Operating the non-machine journal entry application, a user can store and maintain recurring entries in a database; validate a journal batch before posting; post recurring entries; correct existing entries; track journal entry batches sent to the general ledger; report on types of journal entries and posting history; and verify recurring batch completeness from exception, summary and account detail reports. The application centralizes the data entry and collection processes [and] enforces strict validation and quality control rules.” Specification, pp. 2-3, ¶ [0009]. *This is a significant improvement over any existing technological process known at the time of the invention. See Alice Corp.*, 134 S. Ct at 2358 (holding claims become patent eligible when “they [improve] an existing technological process”),

The claimed solution is rooted in computer technology in order to satisfy persistent needs specifically arising *in the field of accounting*, namely the need for a computer-implemented method for posting non-machine journal entries to a general ledger that helps support the validity of the non-machine journal entries made.

App. Br. 6 (emphasis added).

We disagree. Accounting is not a “technological process” to be improved, as such process could be done in the human mind or by a human using pen and paper. “[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.” *Bancorp Servs., L.L.C. v. Sun Life Assurance Co.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012); *see also*

FairWarning, IP, LLC v. Iatric Sys., Inc., 839 F.3d 1089, 1098 (Fed. Cir. 2016) (“the inability for the human mind to perform each claim step does not alone confer patentability”). Contrary to Appellants’ argument, neither the problem nor the solution here are rooted in computer technology. Appellants’ Specification does not describe any new or unique computer hardware or software, and the law is clear that simply programming a computer to perform what would otherwise be an abstract idea is not sufficient to impart patent eligibility. *See Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2359 (2014).

3.

Appellants further raise the following argument in contending that the Examiner erred in rejecting claim 1 as directed to patent-ineligible subject matter.

[T]he ***applied references fail to render claim 1 unpatentable and do not teach or suggest*** a computer-implemented method for posting a non-machine journal entry to a general ledger having the combination of steps and features recited in claim 1. . . . The ***claimed approach includes unconventional steps and limitations*** that confine the claims to a particular useful application.

App. Br. 7 (emphasis added).

Regarding Appellants’ above argument, essentially Appellants argue that because the system is specific and novel, claim 1 must add significantly more to the alleged abstract idea. Appellants’ argument does not persuade us of Examiner error.

The fact that a claimed concept is “[g]roundbreaking, innovative, or even brilliant” would not “itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2117 (2013).

Although the second step in the *Alice/Mayo* analysis includes a search for an inventive concept, the analysis is not an evaluation of novelty or nonobviousness, 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*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78). Here the argued feature, “posting a non-machine journal entry to a general ledger,” is directed to the abstract idea in the first step of the *Alice/Mayo* analysis.

A claim directed to a unique and advantageous financial arrangement is nonetheless directed to a financial arrangement and constitutes an abstract idea.⁵ “[U]nder the *Mayo/Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility.” *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016); *see Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981).

⁵ *See Ultramercial, Inc. v. Hulu LLC*, 772 F.3d 709 (Fed. Cir. 2014). In that case, the patentee argued that its financial arrangement (a method of using advertising as an exchange or currency) was distinguishable from the “routine,” “long prevalent,” or “conventional” abstract idea in *Alice* because it was “directed to a specific method of advertising and content distribution that was previously unknown.” *Id.* at 714. The court rejected the patentee’s position that “abstract ideas remain patent-eligible under § 101 as long as they are new ideas, not previously well known, and not routine activity.” *Id.*

D. *Section 103 Arguments*

1.

Appellants raise the following argument in contending that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a).

Bickerton [] fails to teach or suggest the steps of electronically submitting a non-machine journal entry for approval and reviewing the non-machine journal entry for compliance with a set of requirements as recited in claim 1. It is respectfully submitted that the portions of Bickerton relied upon in the March 12, 2015 Office Action to support the conclusion that Bickerton teaches these steps (i.e., Bickerton Fig. 1 and 8:31-67 (*electronically submitting* step) and Bickerton 18:39-63 (*reviewing* step) (March 12, 2015 Office Action, p. 6)) actually ***do not teach or suggest such steps.***

App. Br. 10–11 (emphasis added). Appellants provide further detail regarding the disclosures of the cited portions of Bickerton. *Id.* at 11–12.

We conclude, after reviewing the Examiner’s rejection and consistent with Appellants’ above argument as to claim 1, there is insufficient articulated reasoning to support the Examiner’s findings that Bickerton discloses the argued submitting and reviewing limitations. Therefore, we conclude that there is insufficient articulated reasoning to support the Examiner’s conclusion that claim 1 is rendered obvious by Bickerton based on the Examiner’s articulated reasoning.

2.

Appellants raise the following argument in contending that the Examiner erred in rejecting claim 1 under 35 U.S.C. § 103(a).

Drelicharz and Stewart fail to cure the deficiencies of Bickerton.

...

The March 12, 2015 Office Action *fails to identify* any portion of D[r]elicharz or Stewart as teaching or suggesting the *electronically submitting or reviewing* the non-machine journal entry steps of claim 1.

App. Br. 13 (emphasis added).

Although we agree with Appellants that the Office Action fails to identify any portion of Stewart as teaching or suggesting the submitting and reviewing limitations, we disagree with Appellants' general argument that Stewart fails to cure the deficiencies of Bickerton identified by Appellants. Rather, Stewart is directed to a non-machine journal entry at paragraph 49 ("allow the user to re-select and/or re-enter the entered accounting data"), and paragraphs 50–51 discussing entry review and approval processing.⁶

CONCLUSIONS

- (1) The Examiner has not erred in rejecting claims 1–7 under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter.
- (2) Appellants have established that the Examiner erred in rejecting claims 1–7 as being unpatentable under 35 U.S.C. § 103(a).
- (3) Claims 1–7 are not patentable.

⁶ As the Examiner has shown all the claims are unpatentable under 35 U.S.C. § 101, we do not also newly reject Appellants' claims 1–7 under 35 U.S.C. § 103 as being unpatentable over Stewart in view of Bickerton and Drelicharz. However, should there be further prosecution of these claims we direct the Examiner's attention to this issue.

DECISION

The Examiner's rejection of claims 1–7 under 35 U.S.C. § 101, as being directed to patent-ineligible subject matter, is **affirmed**.

The Examiner's rejection of claims 1–7 as being unpatentable under 35 U.S.C. § 103(a) is **reversed**.

Because we have affirmed at least one ground of rejection with respect to each claim on appeal, the Examiner's decision is affirmed. *See* 37 C.F.R. § 41.50(a)(1).

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