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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ROBERT SCHEINERMAN, TINA HALEY and
RODNEY HAVILAND

Appeal 2017-003736
Application 12/697,016
Technology Center 3600

Before CAROLYN D. THOMAS, CARL W. WHITEHEAD JR and
ADAM J. PYONIN, *Administrative Patent Judges*.

WHITEHEAD JR., *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants are appealing the final rejection of claims 1, 3-6, 8-15, 17, 18 and 20-24 under 35 U.S.C. § 134(a). Appeal Brief 1. We have jurisdiction under 35 U.S.C. § 6(b) (2012).

We affirm.

Introduction

“[T]he invention relates to a system, method, and computer product for valuing and administering an annuity with a guaranteed minimum withdrawal benefit which can guarantee a rising withdrawal stream.” Specification, paragraph 2.

Illustrative Claim

1. A method for administering an annuity account with an increasing income stream, the annuity account having an account value based on funds allocated to at least one investment and a term including a plurality of periods of time, the method comprising:

establishing an income base;

establishing a minimum periodic income base increase;

establishing an income credit base;

establishing a maximum periodic withdrawal amount that can be withdrawn in one period without affecting the income base; and

using a tangible annuity valuation processor to execute a valuation application stored upon a non-transitory computer-readable storage medium to determine annuity information for the annuity account, the valuation application:

periodically setting the minimum periodic income base increase equal to the income credit base multiplied by a predetermined percentage,

periodically setting the income base equal to the greater of (i) a maximum periodic value based upon the highest account value at the end of a set of prior periods and (ii) the income base plus the minimum periodic income base increase,

and

periodically setting the maximum periodic withdrawal amount based upon the income base.

Rejections on Appeal

Claims 1, 3-6, 8-15, 17-18 and 20-24 stand rejected 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. Final Action 5-6.

Claims 1, 3-6, 8-10, 13-15, 17-18 and 20-24 stand rejected under pre-AIA 35 U.S.C. §102(e) as being anticipated by Tatro (US Patent 8,015,092 B2, issued September 6, 2011). Final Action 6-13.

Claim 11 stands rejected under pre-AIA 35 U.S.C. §103(a) as being unpatentable over Tatro and Bonvouloir (US Patent Application Publication 2007/0100720 A1; published May 3, 2007). Final Action 14-15.

Claim 12 stands rejected under pre-AIA 35 U.S.C. §103(a) as being unpatentable over Tatro and Michalowski (US Patent Application Publication 2009/0292562 A1; published November 26, 2009). Final Action 15.

ANALYSIS

Rather than reiterate the arguments of Appellants and the Examiner, we refer to the Appeal Brief (filed May 31, 2016), the Answer (mailed September 21, 2016) and the Final Action (mailed August 27, 2015) for the respective details.

35 U.S.C. §101 Rejection

The Supreme Court has set 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

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(2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71-73 (2012)). In the first step of the analysis, we determine whether the claims at issue are “directed to” a judicial exception, such as an abstract idea. *Alice*, 134 S. Ct. at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under step two whether the claims contain an “inventive concept” sufficient to “transform the nature of the claim into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quotations and citation omitted).

Noting that the two stages involve “overlapping scrutiny of the content of the claims,” the Federal Circuit has described “the first-stage inquiry” as “looking at the ‘focus’ of the claims, their ‘character as a whole,’” and “the second-stage inquiry (where reached)” as “looking more precisely at what the claim elements add--specifically, whether, in the Supreme Court’s terms, they identify an ‘inventive concept’ in the application of the ineligible matter to which (by assumption at stage two) the claim is directed.” *Electric Power Grp, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). In considering whether a claim is directed to an abstract idea, we acknowledge, as did the Court 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: (1) whether the claims focus on a specific means or method that improves the relevant technology, or (2) 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*, 822 F.3d at 1336.

Step One: Whether the Claims Are Directed to a Patent-Ineligible Concept (Abstract Idea)

The Examiner finds that “Claims 1, 3-6, 8-15, 17-18, and 20-24 are directed to the abstract idea of administering an annuity account with an increasing income stream, which is similar to the abstract idea of managing an insurance policy that the courts identified as a method of organizing human activity.” Final Action 5. Appellants contend that the invention is “directed to a statutory class of invention as recognized in Section 101, namely a process . . . for administering an annuity account with an increasing income stream.” Appeal Brief 6-7.

The Federal Circuit has repeatedly confirmed since *Alice* that the category of abstract ideas embraces “fundamental economic practice[s] long prevalent in our system of commerce,” including “longstanding commercial practice[s]” and “method[s] of organizing human activity.” *E.g.*, *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1313 (Fed. Cir. 2016). Our reviewing court has explained that claims directed to “the mere formation and manipulation of economic relations” and “the performance of certain financial transactions” are properly held to be directed to abstract ideas. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *see also, e.g.*, *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014) (finding computer-implemented system for “using advertising as a currency [on] the Internet” to be ineligible); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1352, 1355 (Fed. Cir. 2014) (finding computer-implemented system for guaranteeing performance of an online transaction to be ineligible.); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (finding

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computer-implemented system for “verifying the validity of a credit card transaction [] over the Internet” to be ineligible).

Also, our reviewing court has repeatedly held that information collection and analysis, including when limited to particular content, is within the realm of abstract ideas. *See, e.g., Elec. Power Grp.*, 830 F.3d at 1353 (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent-ineligible concept”); *Fair Warning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093-94 (Fed. Cir. 2016) (claims directed to collecting information and analyzing it according to certain rules were directed to an abstract idea); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (computer-implemented system for “verifying the validity of a credit card transaction[] over the Internet” was patent-ineligible).

We agree with the Examiner’s finding, and Appellants do not challenge, that under step one of the *Alice* analysis the claims are directed to one or more abstract ideas. Therefore we turn to the second step of the *Alice* analysis, in which we must determine whether the additional elements of the claims transform them into patent-eligible subject matter.

Step Two: Whether Additional Elements Transform the Idea into Patent-Eligible Subject Matter

Appellants contend the invention “recites additional elements that amount to significantly more than a judicial exception” because the claimed method uses “a *tangible annuity valuation processor* to execute a valuation application stored upon a *non-transitory computer-readable storage medium* to determine annuity information for the annuity account by performing various steps.” Appeal Brief 7. Appellants further argue the claimed

invention, “provides a computer-implemented tool for administering an annuity account which overcomes the noted problem in the art” so therefore the claimed invention “is rooted in computer technology in order to satisfy persistent needs specifically arising in the field of annuity products, namely providing protection against the risk of long-term inflation.” Appeal Brief 8.

Appellants’ argument that the claimed invention solves an Internet-centric problem with a solution that is rooted in computer technology is not persuasive of Examiner error because, as we noted above, the mere application of an abstract idea on a computer system does not make a claimed invention patentable. *See Alice Corp.*, 134 S. Ct. at 2358 (“[I]f a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on ... a computer,’ []that addition cannot impart patent eligibility.”) (citations omitted); *See Appeal Brief 11*. Appellants do not argue, nor does Appellants’ Specification state, that the claimed method of gift recommendation requires specialized or improved technology. *See, e.g.*, Specification ¶¶ 78-90.

We do not find Appellants’ arguments persuasive and agree with the Examiner’s findings. As the Supreme Court has explained, “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Alice Corp.*, 134 S. Ct. at 2358. Thus, a method for administering an annuity using a tangible annuity valuation processor to account for increasing income streams does not transform Appellants’ claims into patent-eligible subject matter. Accordingly, we sustain the Examiner’s 35 U.S.C. §101 rejection of claims 1, 3-6, 8-15, 17-18 and 20-24.

35 U.S.C. §102 Rejection

Appellants contend that, “Tatro fails to teach or suggest periodically setting a minimum periodic income base increase equal to an income credit base multiplied by a predetermined percentage, which is then used in determining an income base” because “[i]n the Tatro deferred variable annuity contract, the maximum available benefit payment is related to the withdrawal percent, and the withdrawal percent automatically increases over the term of the annuity contract. *See Tatro*, 42:52-56.” Appeal Brief 13-14. The Examiner finds, “Appellant's claims requires a predetermined percentage be multiplied by an income credit base to set a minimum periodic income base increase. Tatro clearly shows an income credit base increase equal to the increased withdrawal percent times the value of the contract.” Answer 6.

We do not find Appellants’ arguments persuasive. The Examiner finds Tatro teaches the claimed minimum percentage income and cites column 7, the “Step-up” definition for support. Final Action 7. Appellants do not address the validity of Examiner’s findings, instead Appellants argue that another section not relied upon by the Examiner fails to teach the disputed limitation. *See Appeal Brief* 13-14.

Appellants further contend:

Tatro fails to teach or suggest periodically setting the [income base] equal to the greater of (i) a maximum periodic value based upon the highest account value at the end of a set of prior periods and (ii) the income base plus the minimum periodic income base increase. Rather, in Tatro, the Payment Base is linked to the premiums paid under the contract (subject to modification by any withdrawals occurring either before a

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predetermined age or in excess of the lifetime benefit payment).
See Tatro, 10:50-67; Example 2.

Appeal Brief 14.

The Examiner finds Tatro teaches the claimed income base and cites column 10, lines 51-67, column 7, the “Step-up” definition for support. Final Action 8. Tatro’s description of the “Step-Up” is reproduced below:

“Step-Up”: An increase to the payment base value that is available if the contract value increases because of favorable performance of the underlying investments. Preferably, the step-up is guaranteed at a predetermined percentage.

Tatro column 7, lines 60-64.

Tatro’s description of calculating the payment based is reproduced below:

The Payment Base (PB) (or more accurately payment base value) is the amount used to determine the lifetime benefit payment (LBP) and the rider fee. At the rider effective date, the PB equals the benefit amount. When subsequent premium payments are received, the PB is reset to equal the benefit amount. Whenever a partial surrender is made prior to the contract anniversary immediately following the covered life's 60th birthday (or other predetermined age), the PB is reset to equal the benefit amount. Whenever a partial surrender is made on or after the contract anniversary immediately following the covered life's 60th birthday (or other predetermined age), which exceeds the lifetime benefit payment and all partial surrenders were not paid under the Automatic Income RMD (AI PMD), the PB is reset to equal the benefit amount.

Tatro column 10, lines 51-67.

We do not find Appellants’ arguments persuasive. We agree with Appellants that the Examiner’s findings from Tatro’s column 10 appears to

be based upon the partial surrenders and paid premiums however the Examiner also relied upon Tatro's "Step-Up" feature as well. Appellants fail to address the relevance of Tatro's Step-Up feature. Accordingly, we sustain the Examiner's anticipation rejection of claim 1. Although Appellants argue independent claims 15 and 18 separately from claim 1, we sustain the Examiner's rejection for the same reasons as claim 1 that is commensurate in scope. Appellants' argue that Tatro fails to teach various limitations of claim 15 and 18 however Appellants fail to address the Examiner's findings. *See* Appeal Brief 14-16; *In re Lovin*, 652 F.3d 1349, 1357 (Fed. Cir. 2011) ("[W]e hold that the Board reasonably interpreted Rule 41.37 to require more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art."). We also sustain the Examiner's anticipation rejection of dependent claims 3-6, 8-10, 13, 14, 17 and 20-24 argued without distinction. *See* Appeal Brief 14-16.

35 U.S.C. §103 Rejection

We also sustain the Examiner obviousness rejections of dependent claims 11 and 12 because we were not persuaded by Appellants that Tatro failed to disclose the disputed limitations of claim 1 upon which both claims 11 and 12 depend. *See* Appeal Brief 16-18. In other words, Appellants do not separately argue claims 11 and 12 but, instead, rely on the arguments presented with respect to claim 1. *See* Appeal Brief 13, 14, 16 and 18. Accordingly, we are not persuaded the Examiner erred in rejecting claims 11 and 12 for the reasons discussed *supra*.

DECISION

The Examiner's 35 U.S.C. §101 rejection of claims 1, 3-6, 8-15, 17-18 and 20-24 is affirmed.

The Examiner's 35 U.S.C. §102 rejection of claims 1, 3-6, 8-10, 13-15, 17-18 and 20-24 is affirmed.

The Examiner's 35 U.S.C. §103 rejections of claims 11 and 12 are sustained.

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). *See* 37 C.F.R. § 1.136(a)(1)(v).

AFFIRMED