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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte WARREN EASTMAN HEARNES II
and LESTER ROBERT LAMB

Appeal 2017-003928
Application 13/737,489
Technology Center 3600

Before MICHAEL L. HOELTER, MICHELLE R. OSINSKI, and
ERIC C. JESCHKE, *Administrative Patent Judges*.

HOELTER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

This is a decision on appeal, under 35 U.S.C. § 134(a), from the Examiner's final rejection of claims 1–20. App. Br. 17. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

THE CLAIMED SUBJECT MATTER

The disclosed subject matter relates “to systems and methods for identifying suspicious orders for controlled substances, and more specifically, to systems and methods for identifying suspicious orders for

controlled substances based on performing checks on a received order using historical information on previous orders.” Spec. ¶ 2. System claim 1, method claim 9, and “non-transitory computer-readable medium” claim 17 are independent. Method claim 9 is illustrative of the claims on appeal, and is reproduced below.

9. A computer-implemented method for identifying suspicious orders received for controlled substances, the method comprising the steps of:
 - receiving, over a network and at a distributor system, an order for a controlled substance from a customer, the order comprising an order quantity, an order date, a customer identifier identifying the customer, a customer type identifier identifying a type of customer, and a substance identifier identifying the controlled substance;
 - querying historical orders from memory comprising a historical substance identifier that matches the substance identifier, each historical order comprising a historical quantity, a ship date identifying the date the order was shipped, a historical customer identifier identifying a customer who placed the order, and a historical customer type identifier identifying the type of customer;
 - applying checks to the order via a computer device, the checks comprising a combination of at least two and no more than three checks selected from the group consisting of:
 - (1) a first check comprising the computer device determining whether the order quantity is greater than a first upper control limit value, the first upper control limit value being derived from the historical quantities for a first subset of the historical orders, the first subset of the historical orders comprising the historical orders with the historical customer identifiers that match the customer identifier, and in response to the order quantity being greater than the first upper control limit value, marking the order as suspicious;
 - (2) a second check comprising the computer device calculating a period of time between the order date for the order and the ship date for a previous consecutive historical order from the historical orders with the historical customer identifier that matches the customer identifier, determining whether the

order quantity is greater than a second upper control limit value, the second upper control limit value being derived from the period of time and the historical quantities for a second subset of the historical orders, the second subset of the historical orders comprising the historical orders with the historical customer identifiers that match the customer identifier, and in response to the order quantity being greater than the second upper control limit value, marking the order as suspicious;

(3) a third check comprising the computer device determining whether the order quantity is greater than a first threshold value, the first threshold value being derived from the historical quantities for a third subset of the historical orders, the third subset of the historical orders comprising the historical orders with the historical customer type identifiers that match the customer type identifier, and in response to the order quantity being greater than the first threshold value, marking the order as suspicious; and

(4) a fourth check comprising the computer device determining whether the order quantity is greater than a second threshold value, the second threshold value is derived from the historical quantities of the historical orders, and in response to the order quantity being greater than the second threshold value, marking the order as suspicious; and in response to the order being marked as suspicious:

storing information associated with the order in the memory, said information comprising one or more suspicious order indicators, results associated with one or more of the performed checks, and instructions based upon the results; and

transmitting the information associated with the order over the network to a user interface, said user interface providing one or more selection mechanisms that allow a user to view and take action upon the information associated with the order for purposes of further investigation, said action taken being based at least in part on the results and instructions and prior to fulfillment of the order.

THE REJECTION ON APPEAL

Claims 1–20 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter.

ANALYSIS

Appellants only argue independent claims 1, 9, and 17 (App. Br. 17), and Appellants argue these claims together (App. Br. 18–39). We select claim 9 for review, with the remaining claims standing or falling with claim 9. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Examiner performs the well-known two-part *Alice*¹ test and, under part one, concludes that claim 9 is directed to an abstract idea. *See* Final Act. 3–6. Appellants dispute this conclusion and contend the Examiner’s “claim interpretations are not tethered to the language of the claims.” App. Br. 18–19; *see also id.* at 20, 25, 26, 36; Reply Br. 2–4, 9. We agree with Appellants that the Examiner ““must be careful to avoid oversimplifying the claims”” by failing to account for more specific requirements. App. Br. 19 (referencing *McRO*²). We also understand that the Examiner’s paraphrasing (e.g., the claims pertain to the “concept of gathering, combining and outputting data” (Final Act. 5; *see also* Ans. 6)) is broader than the actual steps recited.³ However, we further understand the Examiner’s language to be an abbreviated reference to the rather detailed claim steps, and as such, we do not fault the Examiner for employing such shortcuts (that refer to these more specific steps) when attempting to explain the rejection. Hence, we are not persuaded by Appellants’ contention that

¹ *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014).

² *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016).

³ The Examiner appears to appreciate that more is involved by also stating, “the recited steps merely represent implementing the abstract idea of identifying suspicious orders by comparing order attributes with historical data on a generic computer.” Ans. 7; *see also* Final Act. 3–5; Ans. 4–6, 10.

the Examiner’s “analysis is incomplete” (App. Br. 27) or that the Examiner addressed the various limitations “untethered from the actual language of the claims” (App. Br. 28).

Appellants further contend that the claims “are similar to those reviewed in *Enfish*”⁴ because the claims are “directed to computer-specific embodiments that make substantial, non-abstract improvements in the functionality of computers.” App. Br. 24; *see also id.* at 30.

To be clear, a pertinent portion of *Enfish* states:

the first step in the *Alice* inquiry in this case asks whether the focus of the claims is on the specific asserted improvement in computer capabilities (i.e., the self-referential table for a computer database) or, instead, on a process that qualifies as an “abstract idea” for which computers are invoked merely as a tool. . . . In this case, however, the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.

Enfish, 822 F.3d at 1335–36. This passage has subsequently been referenced in *Finjan*⁵ as follows:

In *Enfish*, for instance, the court determined that claims related to a database architecture that used a new, self-referential logical table were non-abstract because they focused on “an improvement to computer functionality itself, not on economic

⁴ *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

⁵ *Finjan, Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299 (Fed. Cir. 2018). The claims in *Finjan* are “directed to a method of providing computer security by scanning a downloadable and attaching the results of that scan to the downloadable itself in the form of a ‘security profile.’” *Id.* at 1303. The Court concluded, “[t]he question, then, is whether this behavior-based virus scan in [*Finjan*] constitutes an improvement in computer functionality. We think it does.” *Id.* at 1304.

or other tasks for which a computer is used in its ordinary capacity.” *Id.* at 1336.

Finjan, 879 F.3d at 1304–05.

Hence, the guidance provided by our reviewing court is to focus on whether the recited steps pertain to “improvement[s] to computer functionality itself [and] not on economic or other tasks for which a computer is used in its ordinary capacity.” *See supra*; *see also* Reply Br. 7 (referencing *Amdocs*⁶ which Appellants contend pertain to “network devices and ‘gatherers’ that gather information”).

On this point of improvements to computer functionality itself, Appellants contend, “the currently pending claims provide substantial improvements in the operation of computing systems for ensuring marking of an order as suspicious based upon a combination of two or more discretely executed but intertwined checks.” App. Br. 24; *see also* Reply Br. 9. Appellants continue, “[t]he recited concepts of the claims enable associations between subsets of the received and/or retrieved data at a level of precision previously unattainable, without the recited configurations of the claims.” App. Br. 24. Accordingly, “the described configurations thus provide highly precise views via an interface, while also enabling near real-time optimization of action to be taken upon identification of one or more suspicious orders.” App. Br. 24; *see also* Reply Br. 6. On a less general and more specific level, Appellants state that the pending claims “inherently result[] in improvements to the functioning of the computers involved” such

⁶ Believed to be *Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016) because Appellants provide no citation to this case other than that it pertains to “massive record flows which previously required massive databases.” Reply Br. 7.

as “via faster processing and/or more efficient utilization of memory, which Appellant submits transforms the claimed configuration into eligible subject matter.” Reply Br. 7.

The Examiner, on the other hand, states, “the recited steps do not improve the functioning [of the] computer[] itself[]” and that (as regarding similar language in claim 1) “the instant invention does not provide specific improvements in computer capabilities.” Final Act. 6, 15; *see also* Ans. 6, 7 (“[t]he *focus of claims 1, 9 and 17 is not on such an improvement in computers as tools, but on certain independently abstract ideas that use computers as tools*”), 9, 14.

There is merit to the Examiner’s statements. The claims on appeal pertain to an improved method of checking the orders received for controlled substances so as to avoid “fines and/or loss of privilege to ship such substances.” Spec. ¶ 3; *see also id.* ¶ 5; App. Br. 23, 29, 33, 35; Reply Br. 8; Ans. 7–8. Appellants do not make clear how their detailed limitations pertaining to checks placed on order processing (such checks involving different subsets of historical data) inherently result in “faster processing and/or more efficient utilization of memory” as asserted. Reply Br. 7. Appellants further do not make clear how such detailed order checking somehow concerns “improvement[s] to computer functionality itself [rather than to] economic or other tasks for which a computer is used in its ordinary capacity.” *See supra*; *see also* App. Br. 30, 37. The Examiner explains, “the invention is not concern[ed] with improving technology or improving functioning of machinery itself. Rather, the invention is directed to fundamental economic and administrative practices, (*e.g.* trying to avoid possible fines and/or loss of privilege to distribute controlled substances).”

Ans. 8; *see also* Final Act. 8. Appellants do not explain how the operation of the computer itself is changed or affected, only that a computer is employed to conduct these checks and mark those orders that fail such checking in a timely manner. Accordingly, Appellants' contention that these claims "are similar to those reviewed in *Enfish*" (App. Br. 24, 30), and hence should also be deemed patent-eligible, is not persuasive.

Further addressing the Examiner's review of "the claims under the second part of the two-part analysis," Appellants state, "***Claims 1, 9, and 17 Recite Significantly More than an Abstract Idea.***" App. Br. 26. Appellants contend, "the Examiner again relies on the inapplicable interpretation of the claims" referring to the Examiner's brief (i.e., shortcut) depiction of the claim limitations discussed above. App. Br. 26; *see also id.* at 29 ("the dismissal fails to recognize [] the highly granular checks performed"). Appellants' contention is not persuasive for the reasons previously discussed.

Appellants further contend, "the claimed configuration combines certain elements that may be known and/or conventional in a non-conventional and non-generic fashion, thereby establishing uniqueness therefor and thus eligibility." App. Br. 23–24 (referencing *Bascom*⁷ and *McRO*); *see also* App. Br. 27; Reply Br. 5. However, more than simple "uniqueness" is required since *Bascom* discussed another case (i.e., *DDR*⁸) stating "we held that DDR's patent claimed a technical solution to a problem unique to the Internet—websites instantly losing views upon the click of a

⁷ *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC.*, 827 F.3d 1341 (Fed. Cir 2016).

⁸ *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir 2014).

link, which would send the viewer across cyberspace to another company's website.”⁹ *Bascom*, 827 F.3d at 1351. *Bascom* itself, as explained by the Examiner, pertains to filters that “were either susceptible to hacking and dependent on local hardware and software, or confined to an inflexible one size-fits-all scheme.” Ans. 9. Hence, as understood, both *DDR* and *Bascom* pertain to “improvement[s] to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” *See supra*. Appellants’ further argument regarding the use of a “generic computer” to perform the stated task “does not doom the claims” is also not persuasive of the eligibility of Appellants’ claim language. App. Br. 27; *see also id.* at 35; Reply Br. 5. Appellants also contend the recited claims provide “inherent, and entirely computer-specific benefits.” App. Br. 28; *see also* Reply Br. 7. It is not disputed that Appellants’ claims are directed to a computerized order processing scheme (or even a faster one, *see* (Reply Br. 7)), however, as explained above, the mere use of a computer as a tool in the implementation of the scheme does not render the scheme patentable subject matter. *See* Ans. 7; Reply Br. 8, 9; *see also Alice*, 134 S. Ct. at 2358 (The “mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention”). Appellants’ further discussion regarding “detailed results associated with one or more of the performed checks” (App. Br. 30; *see also id.* at 36; Reply Br. 6) is also not

⁹ Further distinguishing *DDR*, the Examiner explains, “the claims at hand address a business challenge that is not particular to the Internet.” Ans. 9–10. In other words, “the claims at issue remain ineligible, because the claims are drawn to the application of principles outside of the scientific realm - such as principles related to commercial or administrative interaction.” Ans. 9.

persuasive because, although perhaps the limitations, and the results therefrom, are “detailed” as described, they still pertain to “economic or other tasks,” and not, as is understood, to an “improvement to computer functionality itself” as discussed *supra*. Appellants’ discussion of *DDR* (App. Br. 31–32, 34) is also not persuasive of Examiner error since, although Appellants’ claims employ a network for timely operation, Appellants’ claims do not provide any improvement to that network as previously discussed.

Appellants further contend that the Examiner’s “subject matter eligibility rejection” (being based on elements “considered ‘well-known and understood’”) is improper because “evidence must be presented of their widely prevalent use in the industry—not merely when considered in isolation or in a vacuum.” App. Br. 37; *see also* Final Act. 5. In short, Appellants are contending that the recited automated order processing (or, as abbreviated by the Examiner, “[t]he ability to receive/compute/send data” (Final Act. 5)) is not well-known and, as a consequence of not being well-known, it behooves the Examiner to present evidence that automated ordering and checking is, indeed, well-known. We do not find Appellants’ contention persuasive that automated order processing/checking is not well-known.

Accordingly, and as currently instructed, we do not find fault with the Examiner’s conclusion that “claim 9 is not directed to significantly more than the exception itself, and [is] not eligible subject matter under § 101.” Final Act. 9; *see also* Ans. 16. We sustain the Examiner’s rejection of claims 1–20 as being directed to patent-ineligible subject matter.

DECISION

The Examiner’s rejection of claims 1–20 is affirmed.

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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