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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte KELLI HUELER

Appeal 2017-004133
Application 13/099,994¹
Technology Center 3600

Before ANTON W. FETTING, NINA L. MEDLOCK, and
BRUCE T. WIEDER, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the Examiner's rejection of claims 1–6, 8–20, and 22. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE and enter a NEW GROUND OF REJECTION pursuant to our authority under 37 C.F.R. § 41.50(b).

CLAIMED SUBJECT MATTER

Appellant's "invention relates generally to financial transaction processing, and more particularly, to systems and methods for facilitating an

¹ According to Appellant, the real party in interest is Hueler Investment Services, Inc. (Appeal Br. 1.)

individual's solicitation and receipt of quotes for annuities, and ultimate purchase of annuities at institutional prices and/or utilizing diversification by way of obtaining annuities from a plurality of annuity providers." (Spec. 1, ll. 13–16.)

Claims 1, 2, 3, and 22 are the independent claims on appeal. Claim 1 is illustrative. It recites:

1. An apparatus comprising:
 - a first user interface configured to enable entry of quote solicitation information, including at least an annuity investment total;
 - a processor configured to divide the investment total into an annuity portion which is less than the annuity investment total based on a first criteria, wherein the first criteria comprises at least one of an investment insurance limit and an amount selected by a fiduciary, and wherein the annuity portion corresponds to the investment insurance limit;
 - a second user interface configured to enable entry of an annuity quote for the annuity portion in response to the quote solicitation information entered by way of the first user interface;
 - and
 - wherein the processor is further configured to provide a diversified annuity by selecting a plurality of the annuity quotes for the annuity portion to collectively account for the annuity investment total and to calculate a collective annuity income quote based on the plurality of selected annuity quotes.

REJECTIONS

Claims 1–6, 8–20, and 22 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–6, 8–20, and 22 are rejected under 35 U.S.C. § 103(a) as unpatentable in view of Hueler (US 2003/0004844 A1, pub. Jan. 2, 2003) (hereinafter "Hueler '844"), Hueler (US 2002/0026401 A1, pub.

Feb. 28, 2002) (hereinafter “Hueler ’401”), and Foti (US 2008/0040166 A1, pub. Feb. 14, 2008).

ANALYSIS

The Examiner’s § 101 rejection

“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.” 35 U.S.C. § 101. Section 101, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

Alice applies a two-step framework, earlier set out in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (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.

Under the two-step framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, then the second step of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, the Examiner determines that the claims

is/are directed to the abstract idea of an apparatus comprising: a first user interface configured to enable entry of quote solicitation information, including at least an annuity investment total; a processor configured to divide the investment total into an annuity portion which is less than the annuity investment total based on a first criteria, wherein the first criteria comprises at least one of an investment insurance limit and an amount selected by a fiduciary, and wherein the annuity portion corresponds to the investment insurance limit; a second user interface configured to enable entry of an annuity quote for the annuity portion in response to the quote solicitation information entered by way of the first user interface; and wherein the processor is further configured to provide a diversified annuity by selecting a plurality of the annuity quotes for the annuity portion to collectively account for the annuity investment total and to calculate a collective annuity income quote based on the plurality of selected annuity quotes.

(Final Action 3–4; *see also* Answer 2–3.) In short, the Examiner determines that “the entire claim is considered an abstract idea.” (Answer 13.)

Step two of the *Alice* framework has been described “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.’” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 72–73).

With regard to step two, the Examiner determines that “[t]he claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because no additional elements beyond the abstract idea were provided.” (Final Action 4.)

Appellant disagrees and argues that “[t]he Examiner defines an entire claim as the alleged abstract idea, and then contends that the claim does not recite significantly more because no additional elements are recited in the claim. Using this rationale, no claim would, or could, ever recite significantly more than the alleged judicial exception.” (Appeal Br. 6.)

“[T]he ‘directed to’ inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether ‘their character as a whole is directed to excluded subject matter.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). Although there may be cases in which the entirety of the claim is the abstract idea of the claim, and thus, nothing passes through the stage-one filter, for the reasons discussed below with regard to the new ground of rejection under § 101, this is not such a case. Because the Examiner erred in determining to what the claims are directed, and did not undertake the appropriate analysis at step two, we reverse the rejection of claims 1–6, 8–20, and 22 under § 101.

New Ground of rejection under § 101

With regard to step one of the *Alice* framework, the Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that the “invention relates generally to financial transaction processing, and more particularly, to systems and methods for facilitating an individual’s solicitation and receipt of quotes for annuities, and ultimate purchase of annuities at institutional prices and/or utilizing diversification by way of obtaining annuities from a plurality of annuity

providers.” (Spec. 1, ll. 13–16.) Claim 1 provides further evidence. Claim 1 recites “a first user interface . . . to enable entry of quote solicitation information,” “a processor . . . to divide the investment total into . . . [a] portion which is less than the . . . total,” “a second user interface . . . to enable entry of . . . an annuity quote,” “and wherein the processor is further configured to . . . select[] . . . quotes . . . and to calculate [an] . . . income.”

In this case, as in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concepts of managing a life insurance policy, *Bancorp. Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266 (Fed. Cir. 2012), and “financial transaction processing” including “solicitation and receipt of quotes . . . and . . . purchase of annuities” (Spec. 1, ll. 13–15). Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357. Moreover, here the limitations do not recite implementation details. Instead, they recite functional results to be achieved. In other words, the claims do not recite “a particular way of programming or designing the software . . . , but instead merely claim the resulting system.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016).

With regard to step two, the introduction of a processor into the claims does not alter the analysis.

[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea “while adding the words ‘apply it’ ” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “ ‘to a particular technological environment.’ ” Stating an abstract idea while adding the words “apply it with a

computer” simply combines those two steps, with the same deficient result. Thus, if 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. This conclusion accords with the preemption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional featur[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice, 134 S. Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer.” *Id.* at 2359. They do not. Claim 1 relates to an apparatus for collecting data, processing the data (dividing the total into an annuity portion), and analyzing the data (selecting quotes and calculating income).

Taking the claim elements separately, the function performed by the processor at each step is purely conventional. Collecting, processing, and analyzing data are basic computer functions. Moreover, the Specification discloses that the invention can be implemented using generic computer components. (*See, e.g.*, Spec. p. 19, l. 8–p. 20, l. 8.) In short, each step does no more than require a generic computer to perform routine computer functions.

Considered as an ordered combination, the processor components of Appellant’s method add nothing that is not already present when the steps are considered separately. Claim 1 does not, for example, purport to improve the functioning of the processor itself. Nor does it effect an improvement in any other technology or technical field. Instead, the claim

amounts to nothing significantly more than an instruction to collect, process, and analyze data using a generic processor. That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct.

at 2360. Independent claims 2, 3, and 22 contain similar language and the dependent claims do not recite significantly more than the judicial exception.

In view of the above, and pursuant to our authority under 37 C.F.R. § 41.50(b), we enter a NEW GROUND OF REJECTION against claims 1–6, 8–20, and 22 under 35 U.S.C § 101, as directed to a judicial exception without significantly more.

The § 103(a) rejection of claims 1–6, 8–20, and 22

In relevant part, claim 1 recites:

a processor configured to divide the investment total into an annuity portion which is less than the annuity investment total based on a first criteria, wherein the first criteria comprises at least one of an investment insurance limit and an amount selected by a fiduciary, and *wherein the annuity portion corresponds to the investment insurance limit.*

(Emphasis added.)

Appellant’s Specification discloses:

[S]tate guarantee funds insure annuity amounts, determined on a state-by-state basis, to assist in paying claims of insolvent or otherwise financially damaged insurance providers. As there are typically guarantee fund coverage limits for an annuity with a particular annuity provider, it would be desirable to enable annuity purchasers to distribute an investment among multiple annuity providers so that the amount managed by each provider is fully, or more closely, commensurate with the state guarantee limit.

(Spec. 43, ll. 16–22.)

In the rejection of claims 1–6, 8–20, and 22, the Examiner does not discuss the “investment insurance limit” language in the independent claims. (*See* Final Action 4–13.) However, in responding to Appellant’s argument, the Examiner finds that “[a]n annuity is insurance [sic] product, and a lump sum disbursement of an annuity suggests an investment insurance limit that would correspond with the lump sum disbursement. Hueler teaches a lump sum disbursement from an annuity (Hueler 2003/0004844: pgh 115).” (*Id.* at 2.) The Examiner also finds that “the claimed use of an investment insurance limit to determine an annuity portion describes an underwriting function of providing an annuity that is suggested by the facilitation of an annuity purchase, as disclosed by Hueler ’844 (see pghs 110-115).” (Answer 14.)

Appellant disagrees and argues that “the instant specification describes how using an investment insurance limit to determine an annuity portion provides additional protection for an annuity purchaser.” (Appeal Br. 9, quoting Spec. 43, ll. 12–22.) Moreover, Appellant argues, “the cited portions of Hueler ’844 make no mention of use of an investment insurance limit or dividing an investment total.” (Reply Br. 7; *see also* Appeal Br. 9.)

Hueler ’844 discloses “[a] system and method for facilitating annuity transactions between annuity purchasers and providers via an annuities placement program accessible to the purchasers and providers.” (Hueler ’844, Abstract.) Specifically, Hueler ’844 discloses

making the annuity placement model of the present invention universally available and fair to all participants in any retirement plan. This is done by creating an acceptable discretionary group to be the contract holder (thereby eliminating the plan sponsors’ involvement), and/or effecting the annuity purchase after a

participant has taken a lump sum disbursement or has elected an IRA rollover option from the plan.

(*Id.* ¶ 110.) However, the cited portions of Hueler '844 do not disclose use of an insurance limit, and, in particular, do not discuss such an insurance limit in relation to an annuity portion.

The Examiner does not sufficiently explain why the cited portions of Hueler '844 would have suggested to one of ordinary skill in the art at the time of the invention “the claimed use of an insurance limit.” (*See* Answer 14.)

In view of the above, we are persuaded that the Examiner erred in rejecting claim 1 under § 103(a). Independent claims 2, 3, and 22 contain similar language. For the reasons discussed above, we are similarly persuaded that the Examiner erred in rejecting claims 2, 3, and 22 and dependent claims 4–6 and 8–20.

DECISION

The Examiner’s rejection of claims 1–6, 8–20, and 22 under 35 U.S.C. § 101 is reversed.

The Examiner’s rejection of claims 1–6, 8–20, and 22 under 35 U.S.C. § 103(a) is reversed.

We enter a NEW GROUND OF REJECTION of claims 1–6, 8–20, and 22 under 35 U.S.C. § 101.

This decision contains a NEW GROUND OF REJECTION pursuant to 37 C.F.R. § 41.50(b). Section 41.50(b) provides that, “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” Section 41.50(b) further provides that Appellant, WITHIN TWO

MONTHS FROM THE DATE OF THIS DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the Examiner, in which event the proceeding will be remanded to the Examiner.

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record.

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).

REVERSED; 37 C.F.R. § 41.50(b)