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EXAMINER

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte LARRY E. CROCKER and
WILLIAM SEAN HARRISON

Appeal 2017-004343
Application 12/410,363
Technology Center 3600

Before JOSEPH L. DIXON, CATHERINE SHIANG, and
BETH Z. SHAW, *Administrative Patent Judges*.

DIXON, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from a rejection of claims 1–15 and 18–21. We have jurisdiction under 35 U.S.C. § 6(b).

We reverse.

The claims are directed to systems and methods for enforcing fiduciary compliance and calculating a fiduciary compliance score based on the cumulative task score and the client efficiency score. (Spec. Abs.).

Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A method for enforcing compliance with a fiduciary responsibility related to administration of a retirement plan, the method comprising:

accessing a compliance requirement corresponding to a fiduciary responsibility related to administration of the retirement plan by a fiduciary;

extracting a compliance task from the compliance requirement;

determining a due date for the compliance task based on a date associated with the compliance requirement;

storing the compliance task in a compliance task database, the storing done at least in part through use of one or more processors within a computer system communicatively coupled to the compliance task database;

monitoring, automatically via instructions stored within the computer system and using the one or more processors to execute the instructions, compliance activity related to the compliance task;

sending, from the computer system, an automatically generated alert, the alert automatically generated based on

detecting, via the monitoring, that the compliance task meets a specified alerting condition;

receiving, on the computer system using instructions executed on the one or more processors, a response to the alert and determining, via instructions executed on the one or more processors, whether any follow up action needs to be taken;

calculating, automatically by instructions executed on the one or more processors within the computer system, a cumulative task score, wherein the instructions for calculating the cumulative task score include an algorithm that modifies a task score by a task type modifier for each compliance task, and wherein the task score for the compliance task is based on a point value associated with the compliance task;

calculating, automatically by instructions executed on the one or more processors within the computer system, a client efficiency score associated with the compliance task, the client efficiency score calculated based at least in part on a client response factor and a client commit factor extracted from the monitored compliance activity, wherein the instructions for calculating the client efficiency score include an algorithm that modifies the client response factor by a task type modifier before factoring in the client commit factor for each compliance task in the monitored compliance activity; and

calculating, automatically by instructions executed on the one or more processors within the computer system, a fiduciary compliance score based on the cumulative task score and the client efficiency score.

REFERENCES

No prior art relied upon by the Examiner in rejecting the claims on appeal.

REJECTION

The Examiner made the following rejection:

Claims 1–15 and 18–21 stand rejected under 35 U.S.C. § 101 because the claimed invention is not directed to patent eligible subject matter.

ANALYSIS

35 U.S.C. § 101

The Examiner rejects the claims under 35 U.S.C. § 101 because they are directed to patent ineligible subject matter. *See* Final Act. 2–5, 5–9; Ans. 2–12. In particular, the Examiner finds the claims are directed to the abstract idea of “retrieving and comparing information and determining whether information meets specified conditions, and if so executes follow-up actions.” (Final Act. 3). The Examiner further finds that this is “in essence the comparing of information and the use of rules to determine what compliance workflow to perform.” (Final Act. 3). Additionally, the Examiner finds “while related to different subject matter, the current claims are similar to concepts relating to performing mathematical calculations found by the courts to be abstract, such as managing a stable value protected life insurance policy by performing calculations and manipulating the results.” (Final Act. 3). Additionally, Examiner finds:

The current claims, while related to different subject matter are considered to be similar to the abstract idea of *SmartGene, Inc. v. ABL* (Fed. Cir. 2014) where it was found that the comparing of information and using rules to identify options was a patent ineligible abstract idea. In the pending claims, applicant is (retrieving and comparing information and determining whether information meets specified conditions, and if so executes follow-up actions.) This is in essence the comparing of information and the use of rules to determine what compliance

workflow to perform. Additionally, while related to different subject matter, the current claims are similar to concepts relating to performing mathematical calculations found by the courts to be abstract, such as managing a stable value protected life insurance policy by performing calculations and manipulating the results. *Bancorp Servs. LLC v. Sun Life Assurance Co.* (Fed. Cir. 2012).

(Final Act. 3). Lastly, the Examiner asserts that:

the claims are directed to a fundamental economic practice and method of organizing human activity. The present claim set is directed to a fundamental economic practice as monitoring compliance with fiduciary responsibilities describes a concept relating to legal obligations between two parties. Further, the claims could further be considered a method of organizing human activity, as the claims relate to managing relationships between people, similar to those in *BuySAFE*, *Bilski*, *Alice Corp.*, and *Dealertrack*. Thus, the claims are directed towards an abstract idea.

(Final Act. 3).

Appellants disagree with the Examiner's analysis and findings and contend that the pending claims are "not comparable to either the abstract ideas represented in *Smartgene* or *Bancorp* and the claims recite a patent eligible application within the fiduciary compliance field that improves the functioning of computer technology." (App. Br. 9). Appellants further contend that "the claims are focused on monitoring and scoring actions taken in fulfilling a fiduciary responsibility to produce an objective measure of compliance." (App. Br. 10). Finally, Appellants contend more than a generic computing system or a generic computer and "recited combination of elements in the pending claims improve the functioning of computer technology in monitoring and objectively scoring performance of fiduciary duties in management of a retirement plan." (App. Br. 10).

Appellants expand upon each of the Examiner’s separate contentions and argue that none of the pending claims are directed to the very limited abstract idea found to be ineligible in the non-precedential *Smartgene* and *Bancorp* cases. (App. Br. 10–14). Additionally, Appellants identify that the Examiner’s discussion in the Final Action did not correspond to the express claim language. (App. Br. 14).

Appellants contend that:

the claims at issue are not directed to a fundamental practice long prevalent in our system of commerce[, but] . . . the claims at issue are directed to a specific set of operations for monitoring and objectively evaluating (*e.g.*, scoring) compliance with fiduciary duties related to administration of a retirement plan. This is neither a method of organizing human activity nor a fundamental economic practice like risk management or intermediated settlement.

(App. Br. 14–15)(emphasis omitted).

Appellants contend that the “recited operations do not define some fundamental economic practice long prevalent in our system of commerce because they are not, in and of themselves, economic in nature.” (App. Br. 15). Appellants further argue that:

support for an allegation that a claim is a fundamental economic practice requires proof, such as references to old publications and historical publications. The Examiner has provided no such proof. In fact, the Examiner has not articulated any rejections of the claims at issue under either 35 U.S.C. § 102 or 35 U.S.C. § 103, much less provided any references to old publications or historical publications that would suggest that the recited combination of operations amounts to a fundamental economic practice. It is not clear how a combination of computerized operations, which cannot be shown ever to have been performed before can be found to constitute a fundamental economic practice **long prevalent in our system of commerce** or be

Appeal 2017-004343
Application 12/410,363

considered a mere method of organizing human activity not eligible for patent protection.

(App. Br. 15).

The Examiner attempts to clarify in the Examiner's Answer and more closely parallel the claim language in the Examiner's response to the argument section, but the Examiner does not specifically provide evidence to support the Examiner's findings. (Ans. 3–8). The Examiner responds to Appellants' argument that the claims at issue are not directed to a fundamental practice long prevalent in our system of commerce. (Ans. 7–8). Specifically, the Examiner finds:

Appellant's argument that the examiner has not provided any proof and points to the lack of a prior art rejection is unpersuasive, as "The term 'fundamental' is used in the sense of being foundational or basic, and not in the sense of necessarily being 'old' or 'well-known.'" Moreover, the courts consider the determination of whether a claim is eligible to be question of law. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings. For example, *Alice Corp.*, *Myriad*, *Mayo*, *Bilski*, *Diehr*, *Flook* and *Benson* relied solely on comparisons to be exceptions in past decisions and did not cite any evidence.

(Ans. 8).

In the Reply Brief, Appellants contend that the Examiner is splitting the alleged abstract idea into two which does not align with the USPTO Guidelines. Appellants argue "the entire abstract idea identified by the Examiner must be compared and found similar an abstract idea from a previous court case. The entire point of the abstract idea judicial exception is to prevent Applicants from broadly excluding innovation within an entire

technology area.” (Reply Br. 3). Appellants present separate arguments to the two parts of the abstract idea. (Reply Br. 3–6). Appellants contend:

these are not fundamental mathematical truths or even well-known calculations, but rather just a mathematical description of a particular method of objectively accessing compliance with fiduciary responsibilities involving, *inter alia*, monitoring compliance tasks and scoring aspects such as efficiency in performing said tasks. Accordingly, Appellants respectfully submit that the Examiner clearly errors in asserting that even the second part of the alleged judicial exception involves nothing more than a fundamental mathematical relationship or equation.

(Reply Br. 6).

Section 101 of the Patent Act provides “[w]hoever 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. That provision “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 *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). According to the Supreme Court:

[W]e set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts. . . . If so, we then ask, “[w]hat else is there in the claims before us?” . . . To answer that question, 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. . . . We have described step two of this analysis as a search for an “inventive

Appeal 2017-004343
Application 12/410,363

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 Corp., 134 S. Ct. at 2355.

The Federal Circuit has described the *Alice* step-one inquiry as looking at the “focus” of the claims, their “character as a whole,” and the *Alice* step-two inquiry as looking more precisely at what the claim elements add—whether they identify an “inventive concept” in the application of the ineligible matter to which the claim is directed. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015).

According to the Federal Circuit, “[t]he second step of the *Alice* test is satisfied when the claim limitations ‘involve more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1367 (Fed. Cir. 2018) (quoting *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014) and *Alice*, 134 S. Ct. at 2359).

We have reviewed the Examiner’s rejection in light of Appellants’ contentions and the evidence of record. We concur with Appellants’ contention that the Examiner erred in this case.¹ Appellants argue with respect to the *Alice* step-two analysis, the Examiner has not provided any

¹ Appellants raise additional arguments. Because the identified issue is dispositive of the appeal, we do not reach the additional arguments.

Appeal 2017-004343
Application 12/410,363

evidence to support the Examiner's assertion that the claimed limitations perform well-understood, routine, and conventional functions or steps. (*See* App. Br. 9–15; Reply Brief 3–8).

The Examiner responds that “the courts consider the determination of whether a claim is eligible to be question of law. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception.” (Ans. 8). However, as the *Berkheimer* court held, “[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” *Berkheimer*, 881 F.3d at 1369. Therefore, we are constrained by the record to reverse the Examiner's rejection of claims 1–15 and 18–21 on procedural ground.

CONCLUSION

The Examiner erred in rejecting claims 1–15 and 18–21 based upon a lack of patent eligible subject matter under 35 U.S.C. § 101.

DECISION

For the above reasons, we reverse the Examiner's rejection of claims 1–15 and 18–21 based upon a lack of patent eligible subject matter under 35 U.S.C. § 101.

REVERSED