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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* MICHAEL VASINKEVICH

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Appeal 2017-004382  
Application 13/785,597<sup>1</sup>  
Technology Center 3600

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Before HUNG H. BUI, MICHAEL J. ENGLE, and  
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BUI, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant seeks our review under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–12, which are all the claims pending in the application. Claims 13–20 are withdrawn from consideration. App. Br. 18 (Claim App'x). We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.<sup>2</sup>

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<sup>1</sup> According to Appellant, the real party in interest is Direct Markets Services, L.L.C. App Br. 2.

<sup>2</sup> Our Decision refers to Appellant's Appeal Brief ("App. Br.") filed March 23, 2016; Examiner's Answer ("Ans.") mailed October 26, 2016; Final Office Action ("Final Act.") mailed May 21, 2015; and original Specification ("Spec.") filed March 5, 2013.

STATEMENT OF THE CASE

Appellant’s invention relates to “computer implemented methods and systems that provide a platform to assist companies in raising capital and for investors to identify relevant opportunities for investment.” Spec. ¶ 7; Abstract.

Claim 1—the only independent claim on appeal—is representative of the claimed subject matter, as reproduced below:

1. A method comprising:

receiving, by a computing device electronically networked to a client device, an actionable order for primary securities from the client device without specifying a primary issuer, the actionable order comprising a query that can be accepted as a bid for execution of a trade for the primary securities from primary issuers that satisfy at least one variable associated with certain characteristics of the primary issuers;

formatting, via the computing device, the actionable order into formats compatible with one or more electronic market platforms, the one or more electronic market platforms including a plurality of networked electronic trading systems;

sending, via the computing device, the actionable order into the one or more electronic market platforms;

maintaining, via the computing device, a database of primary issuers able to sell the primary security on the one or more electronic market platforms;

identifying, via the computing device, at least one primary issuer that satisfies the query from the database of primary issuers, the at least one primary issuer identified based on the at least one variable; an

communicating, via the computing device, a system message including the actionable order to the at least one primary issuer for acceptance of the bid for execution.

App. Br. 18 (Claims App’x).

### EXAMINER'S REJECTIONS & REFERENCES

(1) Claims 1–12 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Final Act. 3, 15.

(2) Claims 1 and 2 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Millard et al. (US 2002/0007335 A1; published Jan. 17, 2002; “Millard”), Toffey (US 7,882,019 B2; issued Feb. 1, 2011), and Conklin et al. (US 2009/0125428 A1; published May 14, 2009; “Conklin”). Final Act. 4–6.

(3) Claims 3–12 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Millard, Toffey, Conklin, and Lee et al., article entitled “WKSIs Have Shelf Registration Choices Beginning December 1, 2005,” Securities Regulation & Law, BNA, Inc., published December 5, 2005 (“Lee”). Final Act. 7–11.

### ANALYSIS

#### *35 U.S.C. § 101: Claims 1–12*

Patent eligibility is a question of law that is reviewable *de novo*. *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012). Patent-eligible subject matter is defined by 35 U.S.C. § 101 as follows:

[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.

In interpreting § 101, the Supreme Court has emphasized that patent protection should not preempt “the basic tools of scientific and technological work.” *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Mayo Collaborative*

*Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012); *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014). The rationale is that patents directed to basic building blocks of technology would not “promote the progress of science” under the U.S. Constitution, Article I, Section 8, Clause 8, but, rather, would impede it. Accordingly, laws of nature, natural phenomena, and abstract ideas are not patent-eligible subject matter. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017) (citing *Alice*, 134 S. Ct. at 2354).

In *Alice*, the Supreme Court has established an analytical two-step framework previously set forth in *Mayo* “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 the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an abstract idea. *Id.* If the claims are directed to eligible subject matter, the inquiry ends. *Thales*, 850 F.3d at 1349; *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016).

If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘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). In other words, the second step is to “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.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

“‘[W]ell-understood, routine, [and] conventional activit[ies]’ previously known to the industry” are insufficient to transform an abstract idea into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 566 U.S. at 73).

In rejecting claims 1–12 under 35 U.S.C. § 101, the Examiner determines (1) these claims are directed to an abstract idea of “receiving an actionable order for primary securities” which is a fundamental economic practice identified by the Supreme Court in *Alice* and *Bilski v. Kappos*, 561 U.S. 593 (2010) and (2) the additional elements in the claims, whether taken separately or in an ordered combination, do not amount to significantly more than the abstract idea, because (i) “the claims do no more than . . . receiving an actionable order for primary securities on a generic computer and network system”; (ii) the “computer and market platform functions are ‘well-understood, routine, conventional activit[ies]’ previously known to the industry”; (iii) “the computer network, market platform, and client device components of the method [when viewed as an ordered combination] add nothing that is not already present when the steps are considered separately, and thus simply recite the concept of an actionable order for primary securities”; and (iv) “[t]he claims do not purport to improve the functioning of the computer, network, the market platform, and the client.” Final Act. 14–17.

*Alice/Mayo—Step 1 (Abstract Idea)*

Turning to the first step of the *Alice* inquiry, Appellant argues “the claims are not directed to an abstract idea” because:

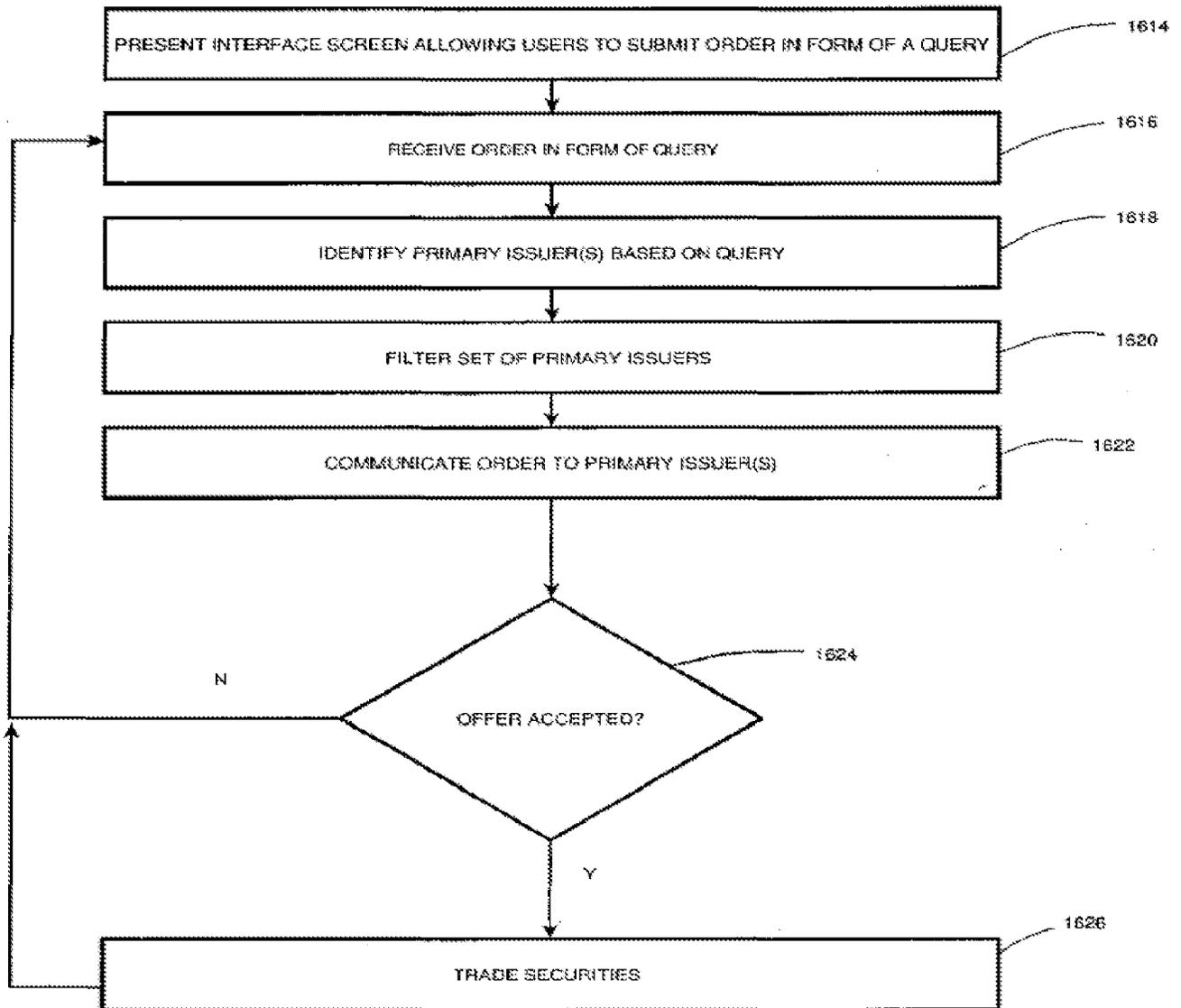
- (1) “[t]he Examiner has not shown [by evidence] that ‘receiving an actionable order’ is a fundamental economic practice”;

- (2) “[t]he claims also do not recite a basic concept that is similar to an abstract idea previously identified by the courts”; and
- (3) like *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), “the claimed invention provides a technical solution that is ‘rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.’”

App. Br. 12–13.

Appellant’s arguments are not persuasive. At the outset, we note the question of whether a claim is directed to an abstract idea under *Alice* step 1 is still a question of law. *See, e.g., Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1241 (Fed. Cir. 2016) (affirming the “conclusion that the claims in these patents are directed to an abstract idea”); *see also In re Wang*, 737 F. App’x 534, 535 (Fed. Cir. 2018) (unpublished). The Examiner is required to characterize whether a claim is directed to an abstract idea under *Alice* step 1. However, because there is no single universal definition of an abstract idea, the Examiner is asked “to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.” *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (citing *Elec. Power Grp., v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)); *accord* USPTO Memorandum, July 2015 Update: Subject Matter Eligibility (July 30, 2015), <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf> (instructing Examiners that “a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea”). In this case, the Examiner did what was required under the USPTO Memorandum, and characterized the claims as required under *Alice*.

Appellant's Specification is directed to "computer implemented methods and systems that provide a platform to assist companies in raising capital and for investors to identify relevant opportunities for investment." Spec. ¶ 7; Abstract. Embodiments of Appellant's Specification, shown in Figures 5 and 6B, describe a process of trading securities (e.g., stocks or bonds), as reproduced below:



Appellant's Figure 6B shows a process of receiving an order for primary securities in the form of a query and communicating the order to primary issuers for acceptance before trading the securities.

Receiving an actionable order for primary securities and communicating the order to a primary issuer, via an electronic market platform, for acceptance before trading the securities is a fundamental business practice, like: (1) risk hedging in *Bilski*; (2) intermediated settlement in *Alice*, 134 S. Ct. at 2356–57; (3) verifying credit card transactions in *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011); (4) guaranteeing transactions in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014); (5) distributing products over the Internet in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014); (6) determining a price of a product offered to a purchasing organization in *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015); and (7) pricing a product for sale in *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015). Receiving an actionable order for primary securities and communicating the order to a primary issuer for acceptance before trading the securities, via an electronic market platform is also a building block of a market economy. Thus, receiving an actionable order for primary securities and communicating the order to a primary issuer for acceptance before trading the securities, via an electronic market platform, like risk hedging, intermediated settlement, and verifying credit card transactions, is an “abstract idea” beyond the scope of 35 U.S.C. § 101. *See Alice*, 134 S. Ct. at 2356.

Moreover, many of the steps recited in Appellant’s claim 1 are only abstract processes of collecting, storing, and analyzing information of a specific content, e.g., actionable order for primary securities. Information, as such, is intangible, and data analysis without more is also an abstract idea.

*See, e.g., Microsoft Corp. v. AT & T Corp.*, 550 U.S. 437, 451 n.12 (2007); *Alice*, 134 S. Ct. at 2355; *Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972). “[C]ollecting information, including when limited to particular content (which does not change its character as information),” and “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more,” are “within the realm of abstract ideas.” *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016); *see also Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1349 (Fed. Cir. 2015); *Digitech Image Techs., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014) (“Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101”).

Lastly, with respect to Appellant’s argument that the claims are necessarily rooted in computer technology, we disagree. Appellant’s claims 1–12 do not improve the performance of a computer or solve a problem specific to computers or computer networks. Nowhere in Appellant’s Specification is there any description that receiving an actionable order for primary securities and communicating the order to a primary issuer for acceptance before trading the securities, via an electronic market platform, would improve any computer technology or address any “problem specifically arising in the realm of computer networks” similar to *DDR*, as Appellant argues. App. Br. 13. As correctly recognized by the Examiner, the claims only use a conventional, general purpose computer as a tool to perform generic computer functions. Ans. 5. The focus of Appellant’s invention is not to improve the performance of computers, but to use computers as a tool to implement business functions of receiving an

actionable order for primary securities and communicating the order to a primary issuer for acceptance before trading the securities. *Id.*

Accordingly, we agree with the Examiner that claims 1–12 are directed to an abstract idea of “receiving an actionable order for primary securities” which is a fundamental economic practice similar to those identified by the Supreme Court in *Alice* and *Bilski*.

*Alice/Mayo—Step 2 (Inventive Concept)*

In the second step of the *Alice* inquiry, Appellant contends the claims amount to significantly more than an abstract idea because: (1) “the claims specify how interactions between market devices in a networked computing environment are manipulated to yield a desired result—a result that overrides routine and conventional activities”; (2) “claim limitations recite a specific application of process steps that improve the capabilities of electronic trading systems for supporting a market stabilized financial product”; and (3) the claims provide solutions “by structuring and formatting the actionable order for acceptance as a bid for execution of a trade for primary securities from primary issuers through electronic market platforms” and, as such, “improve[] electronic trading capabilities of a computer system for supporting an actionable order without specifying a primary issuer.” App. Br. 14–17.

We disagree. There is no evidence in the record to support Appellant’s contentions that an electronic trading system is improved in any significant way beyond the abstract idea. Likewise, formatting an actionable order compatible with an electronic market platform does not significantly improve the platform or trading system beyond the abstract idea.

According to *Alice*, the second step is to “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). The most relevant Federal Circuit cases on point include (1) *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) and (2) *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016). Both involve business-centric inventions that are similar to Appellant’s invention.

In both *DDR* and *Amdocs*, the Federal Circuit opted to bypass *Alice* step 1 in favor of step 2. In particular, the Federal Circuit found *DDR*’s claims contain an “inventive concept” under *Alice* step 2 because *DDR*’s claims (1) do not merely recite “the performance of some business practice known from the pre-Internet world” previously disclosed in *Bilski* and *Alice*, but instead (2) provide a technical solution to a technical problem unique to the Internet, *i.e.*, a “solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR*, 773 F.3d at 1257. Likewise, the Federal Circuit also found *Amdocs*’ claims contain a sufficient “inventive concept” because like *DDR*, *Amdocs*’ claims “entail[] an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)” and “improve the performance of the system itself.” *Amdocs*, 841 F.3d at 1300, 1302.

In contrast to *DDR* and *Amdocs*, Appellant’s invention does not provide a technical solution to a technical problem unique to the Internet,

*i.e.*, a “solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *DDR*, 773 F.3d at 1257. Nor does Appellant’s invention entail, like *Amdocs*, any “unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases)” and “improve the performance of the system itself.” *Amdocs*, 841 F.3d at 1300, 1302. As such, we find no element or combination of elements recited in Appellant’s claim 1 that contains any “inventive concept” or adds anything “significantly more” to transform the abstract concept into a patent-eligible application. *Alice*, 134 S. Ct. at 2357. Instead, we agree with the Examiner that the additional elements recited in Appellant’s claim 1 (e.g., a computing device, client device, electronic trading systems, and database) do not transform the abstract idea into a patent eligible invention. As our reviewing court has observed, “after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” *DDR*, 773 F.3d at 1256 (citing *Alice*, 134 S. Ct. at 2358).

Because Appellant’s claim 1 is directed to a patent-ineligible abstract concept and does not recite something “significantly more” under the second prong of the *Alice* analysis, we sustain the Examiner’s rejection of claims 1–12 under 35 U.S.C. § 101.

*35 U.S.C. § 103(a): Claims 1–12*

In support of the obviousness rejection of claim 1, the Examiner finds the combination of Millard, Toffey, and Conklin teaches all the claim

limitations. Final Act. 4–6. In particular, the Examiner finds Millard teaches a method comprising:

“receiving, by a computing device electronically networked to a client device [shown in Figure 1], an actionable order for primary securities from the client device without specifying a primary issuer, the actionable order comprising a query that can be accepted as a bid for execution of a trade for the primary securities from primary issuers that satisfy at least one variable associated with certain characteristics of the primary issuers.”

Final Act. 4 (citing Millard ¶¶ 115, 200, 341–343).

Millard teaches a securities trading system, shown in Figure 1, for enabling participants (people, institutions, and other entities) (typically between principals, i.e., buyer and seller) to communicate and exchange financial information, including buy, sell, and otherwise postings of offers to transfer securities (stocks, bonds, etc.) via an electronic trading network. Millard ¶¶ 2–3, Fig. 1. Millard also teaches data transfer between devices is “standards-based financial information delivery protocols such as FIX and SWIFT, proprietary data formats such as TIB, and customizable formats such as XML.” Millard ¶ 72.

Nevertheless, the Examiner relies on Toffey for teaching:

“formatting, via the computing device, the actionable order into formats compatible with one or more electronic market platforms, the one or more electronic market platforms including a plurality of networked electronic trading systems.”

Final Act. 5 (citing Toffey 8:7–19).

Appellant disputes the Examiner’s factual findings regarding Millard and Toffey. App. Br. 4–9. In particular, Appellant acknowledges Millard’s Figures 17A–17C show a search display for conducting a query for an issuer. *Id.* at 5 (citing Millard ¶¶ 199–200, Figs. 17A–17C). However,

Appellant argues (1) Millard does not teach or suggest “receiving an actionable order for primary securities from the client device without specifying a primary issuer” as recited in claim 1, and (2) “Millard’s query is **not** ‘a query that can be accepted as a bid for execution of a trade for the primary securities from primary issuers’” as recited in claim 1. *Id.* (emphasis added). According to Appellant, “Millard’s query [only] produces search results, illustrated in Fig. 18A and Fig. 18B, which show a list [of] security offerings posted by an issuer in response to the query.” *Id.* at 5–6.

Appellant also acknowledges Toffey teaches an electronic trading system “where a customer desiring to buy or sell financial instruments is required to make direct inquiries to dealers for prices at which instruments can be bought or sold,” but argues neither Millard nor Toffey teaches or suggests “formatting the actionable order into formats compatible with one or more electronic market platforms” as recited in claim 1. *Id.* at 7. Appellant further argues that, even if Toffey teaches data transfer in compatible formats, “the Examiner [still] fails to explain how one of ordinary skill in the art would . . . format the presently claimed actionable order into formats compatible with one or more electronic market platforms, in an attempt to arrive at the presently claimed invention.” *Id.* at 8.

Appellant’s arguments are not persuasive. Millard teaches Appellant’s claimed “receiving an actionable order for primary securities from the client device without specifying a primary issuer” when a Member posts “buy and sell offers for securities that can be responded to by all, or by Member-selected, qualified Members.” Millard ¶ 75, Fig. 6. Offers to

acquire the security are listed under “Bid,” and offers to sell are listed under “Ask” as shown in Figures 6A–6B. If a Member clicks on their own Bid or Ask offer, shown in Figures 6A–6B, the offer is displayed in an “Add Listing” page and can be edited. Millard ¶¶ 168–172. Contrary to Appellant’s argument, Millard’s query, shown, for example, in Figures 5A–5B, 8A–8B, 10, and 13A–13B, is considered as Appellant’s claimed “query that can be accepted as a bid for execution of a trade for the primary securities from primary issuers” recited in claim 1. As recognized by the Examiner, Toffey also teaches data transfer regarding transactions is implemented using standardized or customized data formats, as disclosed by Millard (¶ 72). Ans. 9–10 (citing Toffey 8:7–19).

For these reasons, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner’s obviousness rejection of claim 1, and its dependent claims 2–4 and 7–12, which Appellant does not argue separately.

Claim 5 depends from claim 1, and further recites “the actionable order comprises a quantity of primary securities specified relative to a quantity of corresponding previously outstanding, issued securities.”

Appellant argues Millard does not teach or suggest “‘bid’ and ‘ask’ offers with information including previously outstanding, issued securities.” App. Br. 10. We disagree. As correctly recognized by the Examiner, Millard also teaches the size or number of shares, including editing of these shares. Ans. 12 (citing Millard ¶¶ 172, 173, 192, 211).

Claim 6 depends from claim 1, and further recites “receiving a limit regarding a number of primary issuers to receive the actionable order, wherein communicating the actionable order comprises communicating the

actionable order to a number of primary issuers no more than specified by the limit.”

Appellant argues Millard does not teach or suggest this disputed limitation. App. Br. 10. We also disagree, and adopt the Examiner’s explanations provided on pages 12–13 of the Examiner’s Answer, i.e., the broadest reasonable interpretation of the term “limit” encompasses a sub-set of members. Ans. 12–13 (citing Millard ¶¶ 199–200); *see also* Millard ¶ 202.

For these reasons, we also sustain the Examiner’s obviousness rejection of claims 5 and 6.

#### CONCLUSION

On the record before us, we conclude Appellant has not demonstrated the Examiner erred in rejecting claims 1–12 under 35 U.S.C. § 101 and § 103.

#### DECISION

As such, we AFFIRM the Examiner’s rejection of claims 1–12 under 35 U.S.C. § 101 and § 103.

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