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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DON RUFUS HANKEY
and
AMANPAL SINGH

Appeal 2017-004533
Application 14/017,679
Technology Center 3600

Before CARLA M. KRIVAK, HUNG H. BUI, and JON M. JURGOVAN, *Administrative Patent Judges.*

KRIVAK, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants[1] appeal under 35 U.S.C. § 134(a) from a Final Rejection of claim 1, which is the only claim pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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[1] The Appeal Brief identifies Nowcom Corporation as the real party in interest (Br. 2).

STATEMENT OF THE CASE

Appellants' invention is directed to a method for "optimization of a financial transaction" by "determining a structure for financing a consumer product [such as a car] through a computer implemented process" that "maximize[s] the dealer profit for a given vehicle" without necessarily "having the highest possible vehicle sale price" (Spec. ¶ 60; Title (capitalization altered); Abstract).

Independent claim 1, reproduced below, illustrates the subject matter on appeal.

> 1. A method of determining a structure for financing a consumer product through a computer implemented process comprising:
>
> obtaining, at a computer, a monthly payment value and a down payment value for a potential financing of the consumer product;
>
> identifying, by the computer, a plurality of potential financial structures for the consumer products based upon the monthly payment value and the down payment value, and by varying other financing parameters comprising a term and a product sales price; and
>
> determining, by the computer, from the plurality of potential financial structures, a financial structure that provides a greatest profit for a seller of one of the consumer products, wherein the determined financial structure comprises a product sales price that is less than a maximum product sales price among the plurality of potential financial structures.

REFERENCES and REJECTIONS

The Examiner rejected claim 1 under 35 U.S.C. § 112(a) or 35 U.S.C. § 112 (pre-AIA), first paragraph, as failing to comply with the written description requirement.

The Examiner rejected claim 1 under 35 U.S.C. § 112(b) or 35 U.S.C. § 112 (pre-AIA), second paragraph as being indefinite.

The Examiner rejected claim 1 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

The Examiner rejected claim 1 under 35 U.S.C. § 103(a) based upon the teachings of Stoyanov (US 2002/0152157 A1; published Oct. 17, 2002) and Pretell (US 2005/0004860 A1; published Jan. 6, 2005).[2]

ANALYSIS

35 U.S.C. § 112, First Paragraph Rejection

The Examiner asserts there is no support in the Specification for the limitation "identifying, by the computer, a plurality of potential financial structures" recited in claim 1 (Final Act. 5). Particularly, the Examiner finds the Specification's description of "calculating various terms, generating financial structures, and comparing dealer grosses" does not support the claimed "identifying [which] involves recognizing or distinguishing from existing financial structures" (Ans. 3–4; Final Act. 5).

We do not agree with the Examiner. Rather, we agree with Appellants that the Specification supports the claimed "identifying, by the computer, a plurality of potential financial structures for the consumer

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[2] The Examiner's summary of this rejection refers to AIA § 103 (*see* Final Act. 9), however, the pre-America Invents Act ("pre-AIA") § 103(a) is applicable to the present application, which is a continuation of US application 13/278,178 filed October 21, 2011 (*see* Decision on Petition, mailed Feb. 9, 2018, accepting Appellants' unintentionally delayed domestic priority claim). We find the Examiner's reference to AIA § 103 is harmless error, as we are aware of no prejudice to Appellants or the Examiner resulting from this error.

products based upon the monthly payment value and the down payment value, and by varying other financing parameters comprising a term and a product sales price" (Br. 3). For example, Figure 7 and paragraphs 50–61 of the Specification—that Appellants cite in support of the contested limitation—describe iteratively identifying potential financial structures by "values for the loan-term T, vehicle sale price (P), and dealer profit [that] are stored" for each structure, so that identified financial structures can be compared to determine an "optimized solution for the dealer and the customer" including "[loan] terms that maximize the dealer profit for a given vehicle" (*see* Spec. ¶¶ 58–60, Fig. 7; Br. 3).

We concur with Appellants that the Specification provides sufficient evidence to show possession of the claimed invention, and do not sustain the Examiner's written description rejection of claim 1 under 35 U.S.C. § 112, first paragraph.

35 U.S.C. § 112, Second Paragraph Rejection

The Examiner finds claim 1 is indefinite because (i) the meaning of "term" (in "identifying, by the computer, a plurality of potential financial structures . . . by varying other financing parameters comprising a *term* and a product sales price") is unclear (Ans. 4). Particularly, the Examiner finds "term" in Appellants' Specification "could mean the length of [a] loan or a general financing parameter" (Ans. 4 (citing Spec. ¶¶ 18 ("terms of a deal structure"), 67); Final Act. 6). The Examiner also finds claim 1 is indefinite because (ii) "the claim determines a financial structure but does nothing with

this determined financial structure. . . . [which] merely sits at a processor in . . . the claim" (Ans. 5).[3]

Appellants contend the meaning of the claimed "term" is clear, as "the word 'term' is widely known in the financing industry as the length of a loan" (Br. 4). We agree with Appellants. It is clear from Appellants' Specification that the claim is referring to "[varying] financing parameters comprising a *term*." For example, the Specification describes identifying potential loan structures with varying "loan-term length[s]," that is, by "varying the length of the term (T) (i.e. the number of payments required before the loan is paid off)" (*see* Spec. ¶¶ 39, 50, 67). It is clear from Appellants' claim 1 that "varying other financing parameters [of potential financial structures] comprising a term and a product sales price" refers to varying *loan length* and product price.

We also do not agree with the Examiner that the claimed method is indefinite because it "does nothing with th[e] determined financial structure. . . . [which] merely sits at a processor" (Ans. 5). Rather, we agree Appellants claim 1 determines a financial structure for financing a product while providing a greatest profit to the product's seller and is not ambiguous because the term "financing [the] product" is not actually claimed (*see* Final Act. 6; Br. 4).

Accordingly, we do not sustain the Examiner's rejection of claim 1 under 35 U.S.C. § 112, second paragraph.

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[3] A third reason for indefiniteness ("what happens if the determined financial structure (which provides the greatest profit) comprises a product sales price that is the maximum sales price," *see* Final Act. 6) has been withdrawn by the Examiner in the Answer (Ans. 5).

35 U.S.C. § 101 Rejection

Under 35 U.S.C. § 101, a patent may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." The Supreme Court has "long held that this 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)). The Supreme Court in *Alice* reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–84 (2012), "for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of these concepts" (*Alice*, 134 S. Ct. at 2355). The first step in that analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts," such as an abstract idea (*id.*). The Court acknowledged 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 whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that is the abstract idea and merely invoke generic processes and machinery (*see Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016)). If the claims are not directed to an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered "individually and 'as an ordered combination' to determine whether the additional elements '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)).

Alice/Mayo—Step 1 (Abstract Idea)

Turning to the first part of the *Alice/Mayo* analysis, the Examiner determines claim 1 is directed to "the abstract idea of determining a financial structure for financing a product which is a fundamental economic practice" (Final Act. 7; Ans. 6).

Appellants contend the Examiner erred in rejecting claim 1 because the claim is not directed to an abstract idea, and the Examiner "ignore[d] the specific claim limitations" and "failed to consider any of the specific steps delineated in the claim beyond the preamble" (Br. 6). Appellants also argue "there is no evidence on the record" and "[n]o evidentiary support . . . for the [Examiner's] conclusory statement . . . that the claimed process is an abstract idea" of "determining a financial structure" (Br. 6 (citing *PNC Bank v. Secure Axcess, LLC*, CBM2012-00100 slip op. at 21 (PTAB Sept. 9, 2014))).

We are not persuaded by Appellants' arguments. First, we note, *PNC Bank* is merely a non-binding decision of this Board. The Examiner's analysis of the entire claim finds, and we agree, the claim is abstract because it is "directed towards providing a greatest profit by selecting a financing structure" for financing a product—an abstract idea similar to transactional practices providing financial services while reducing risk (Final Act. 3; *see Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016) (holding that claims directed to computer-implemented "credit grading" to "facilitate anonymous loan shopping" by potential borrowers are patent-ineligible); *Dealertrack, Inc. v. Huber*, 674

F.3d 1315, 1333–34 (Fed. Cir. 2012) (holding that a "computer-aided" method for "processing information through a clearinghouse" for car loan applications is patent ineligible); *LendingTree, LLC v. Zillow, Inc.*, 656 F. Appx. 991, 997 (Fed Cir. 2016) (holding ineligible claims to a computerized method of speeding up a loan-application process over the Internet); *Alice*, 134 S. Ct. at 2356–57 (intermediated settlement of traded or exchanged financial obligations to mitigate the risk that one party will not perform); and *Bilski v. Kappos*, 561 U.S. 593, 599, 611 (2010) (risk hedging)).

Additionally, we agree with the Examiner that the steps recited in claim 1 "can be performed without a computer (albeit slowly)" by a person using a pen and paper (Final Act. 4; "[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101" (*CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011))). That is, mental processes can be unpatentable even when automated to reduce the burden on the user of what once could have been done with pen and paper (*see CyberSource*, 654 F.3d at 1375 ("purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.")).

Accordingly, we agree with the Examiner claim 1 is directed to an abstract idea.

Alice/Mayo—Step 2 (Inventive Concept)

Appellants also allege the Examiner did not provide any evidence "that the claim's additional elements as a whole fail to amount to 'significantly more' than the judicial exception itself" (Br. 5–6).

Appellants' arguments are not persuasive. As the Examiner shows, the claim merely recites a generic "computer" performing conventional

computing functions to implement the abstract idea on the computer (Final Act. 4, 7; Ans. 6; *see* claim 1). Appellants have not demonstrated their claim provides a technical improvement to computer operation or "a technical solution to a technical problem" (Final Act. 4) (*see DDR Holdings, LLC, v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014); *Enfish*, 822 F.3d at 1336; and *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300, 1302 (Fed. Cir. 2016)). "[T]he use of generic computer elements like a microprocessor" to perform conventional computer functions "do not alone transform an otherwise abstract idea into patent-eligible subject matter" (*FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (citing *DDR Holdings*, 773 F.3d at 1256)).

Accordingly, claim 1, when considered "both individually and 'as an ordered combination,'" amounts to nothing more than an attempt to patent the abstract idea embodied in the steps of the claim (*see Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78)).

Because we agree with the Examiner's analysis and find Appellants' arguments insufficient to show error, we sustain the rejection of claim 1 under 35 U.S.C. § 101.

35 U.S.C. § 103(a) Rejection

Appellants contend Stoyanov teaches away from determining a financial structure "that provides a greatest profit for a seller of one of the consumer products . . . [and] comprises a product sales price that is less than a maximum product sales price among the plurality of potential financial structures," as claimed (Br. 8–9). Particularly, Appellants argue "Stoyanov only disclose[s] maximizing a dealer's profit by increasing the sales price of a consumer product, such as sales price of a vehicle or sales price of a

warranty associated with the vehicle," which "goes against the claimed feature" (Br. 9 (citing Stoyanov ¶ 44)). Appellants further argue the Examiner's combination of Stoyanov and Pretell lacks articulated reasoning and "lacks any factual findings upon which an obviousness rejection . . . might be sustained" (Br. 8). We do not agree.

We agree with and adopt the Examiner's findings as our own (Ans. 7–9). Particularly, we agree with the Examiner that Stoyanov discloses a financial structure (e.g., an auto loan) maximizing a dealer's profit "by increasing something other than the price of the product [vehicle] itself," for example by "**making upward adjustments in the sale price of other profit sources, such as warranty**" (Ans. 9 (citing Stoyanov ¶¶ 44, 52, 56–59)). Thus, we agree with the Examiner that Stoyanov does not teach away from claim 1's "determining" step; rather, Stoyanov teaches determining a financial structure that "provides a greatest profit for a seller" with "a product sales price that is less than a maximum product sales price among the plurality of potential financial structures" as claimed. "[M]ere disclosure of alternative designs does not teach away." *In re Fulton*, 391 F.3d 1195, 1201 (Fed. Cir. 2004).

Appellants' argument that the claimed "maximum product sales price" encompasses Stoyanov's increased "*sales price of a warranty* associated with the vehicle [product]" is not commensurate with the scope of claim 1 (Br. 9 (emphasis added)). Claim 1 does not require the "product sales price" (of a "consumer product") to include *prices of other products (e.g., warranties) associated with the consumer product* (Ans. 9). Rather, "[t]he sales price of a warranty associated with the vehicle is *not the same as the sales price of the vehicle* [product] itself," and "Stoyanov teaches that the

maximum profit can occur by increasing something [warranty price] other than the price of the product itself" (Ans. 9 (emphasis added)).

As to Appellants' argument that the Examiner's combination of references lacks factual findings and articulated reasoning (Br. 8), the Examiner has provided articulated reasoning with a rational underpinning for combining the references supported by evidence, which Appellants have not addressed (*see* Final Act. 9–17; Ans. 8).

Thus, Appellants have failed to clearly distinguish the claimed invention over the prior art relied on by the Examiner. We, therefore, sustain the Examiner's § 103(a) rejection of independent claim 1.

DECISION

The Examiner's decision rejecting claim 1 under 35 U.S.C. § 112, first paragraph is reversed.

The Examiner's decision rejecting claim 1 under 35 U.S.C. § 112, second paragraph is reversed.

The Examiner's decision rejecting claim 1 under 35 U.S.C. § 101 is affirmed.

The Examiner's decision rejecting claim 1 under 35 U.S.C. § 103(a) is affirmed.

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