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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte AMAR KUCHINAD, ALEXANDER A. DUBITSKY,
CHARLES MCGARRAUGH, and WILLIAM J. CASSANO

Appeal 2017-005607
Application 13/887,919¹
Technology Center 3600

Before MURRIEL E. CRAWFORD, BART A. GERSTENBLITH, and
BRUCE T. WIEDER, *Administrative Patent Judges*.

CRAWFORD, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 1–7, 9–12, 20–23, and 25. We have jurisdiction over the appeal under 35 U.S.C. § 6(b).

BACKGROUND

Appellants' invention is directed to index-linked notes with periodic coupons subject to a triggering event. Spec., Title.

¹ Appellants identify Goldman, Sachs & Co. as the real party in interest. App. Br. 2.

Claim 1 is illustrative:

1. One or more non-transitory computer-readable media storing computer-executable instructions that, when executed by one or more processors, cause the one or more processors to perform acts comprising:

periodically determining whether a specified triggering event has occurred, wherein the triggering event comprises a death of a purchaser of an index-linked note or a death of a reference person;

responsive to determining that the specified triggering event has occurred, ceasing payment of periodic coupons associated with the index-linked note to the purchaser;

responsive to determining that the specified triggering event has not occurred, calculating a coupon amount for payment to the purchaser of the index-linked note for a corresponding period, wherein the coupon amount is equal to one of:

a product of a principal of the index-linked note and a return of a specified financial index for the corresponding period if the return of the specified financial index is less than a specified cap return but greater than a specified floor return;

a product of the principal of the index-linked note and the specified cap return if the return of the specified financial index for the corresponding period is greater than the specified cap return and greater than the specified floor return;

or

a product of the principal of the index-linked note and the specified floor return if the return of the specified financial index for the corresponding period is less than the specified floor return and less than the specified cap return; and
periodically increasing the specified floor return.

Appellants appeal the following rejection:

Claims 1–7, 9–12, 20–23, and 25 were rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

PRINCIPLES OF LAW

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 55, 75–78 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981) (“Analyzing respondents’ claims according to the above statements from our cases, we think that a physical and chemical process for molding precision synthetic rubber products falls within the § 101 categories of possibly patentable subject matter.”); *Parker v. Flook*, 437 U.S. 584, 594–595 (1978) (“Respondent’s application simply provides a new and presumably better method for calculating alarm limit values.”); *Gottschalk v. Benson*, 409 U.S. 63, 64 (1972) (“They claimed a method for converting binary-coded decimal (BCD) numerals into pure binary numerals.”).

The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357; *Bilski*, 561 U.S. at 611; mathematical formulas, *Parker*, 437 U.S. at 594–95; and basic tools of scientific and technological work, *Gottschalk*, 409 U.S. at 69. On the patent-eligible side of the spectrum are physical and chemical processes, such as curing rubber, *Diamond*, 450 U.S. at 184 n.7, “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores,” and a process for manufacturing flour, *Gottschalk*, 409 U.S. at 69.

If a claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

In addition, the Federal Circuit has held that if a method can be performed by human thought alone, or by a human using pen and paper, it is merely an abstract idea and is not patent-eligible under § 101. *See CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”).

Claims involving data collection, analysis, and display are directed to abstract ideas. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent-ineligible concept”); *see also In re TLI*

Commc'ns LLC Patent Litig., 823 F.3d 607, 611 (Fed. Cir. 2016);
FairWarning IP, LLC v. Iatric Sys., Inc., 839 F.3d 1089, 1093–94 (Fed. Cir.
2016).

Claims that recite an improvement to a particular computer technology have been found patent-eligible. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (determining claims not abstract because they “focused on a specific asserted improvement in computer animation”).

ANALYSIS

Rejection under 35 U.S.C. § 101

The Examiner determines that the claim steps of querying, determining, calculating, issuing, and ceasing describe the abstract idea. Final Act. 5. Specifically, the Examiner determines that the claims are directed to comparing new and stored information and using rules to determine options. Final Act. 6, 7–8. The Examiner also determines that the limitations of selling a note and increasing a floor return further describe and narrow the abstract idea but do not make it less abstract. We agree. In our view, Appellants’ claims are clearly directed to the abstract idea of collection, analysis, and display of data.

The Examiner, recognizing that some of the claims recite computer implementation that is not included in the abstract idea, finds that the claims do not affect an improvement to another technology or technical field and do not result in an improvement to the functioning of the computer system

itself, and, thus, are not significantly more than the abstract idea. Final Act. 7; Ans. 14. We agree.

We are not persuaded of error on the part of the Examiner by Appellants' argument that the claims do not attempt to tie up any judicial exception and therefore are patent-eligible under the Streamlined Eligibility Analysis in the Office's 2014 Interim Guidance on Patent Subject Matter Eligibility. App. Br. 10. As set forth in the Office's "2014 Interim Guidance on Patent Subject Matter Eligibility," 79 Fed. Reg. 74618 (Dec. 16, 2014), the streamlined analysis is an optional tool that an examiner may use at his or her discretion. The Guidance relied on by Appellants, thus, instructs that "[f]or purposes of efficiency in examination, a streamlined eligibility analysis *can be used*." See Interim Guidance, 79 Fed. Reg. at 74625 (emphasis added). The Guidance also instructs that "if there is doubt as to whether the applicant is effectively seeking coverage for a judicial exception itself, the full analysis *should be conducted* to determine whether the claim recites significantly more than the judicial exception." *Id.* (emphasis added). The Examiner's decision here to perform a full § 101 analysis was, in our view, a proper exercise of the Examiner's discretion.

In addition, "[w]hile preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); see also *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) ("[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract."). And, "[w]here a patent's claims are deemed only to disclose patent ineligible subject matter

under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379.

Also, we are not persuaded of error on the part of the Examiner by Appellants’ argument that the operations of the invention do not represent a scenario where a fundamental and long-prevalent idea that existed before computers is now simply being implemented on a computer but rather the invention represents modern technology that necessarily is dependent on computer systems. App. Br. 12. As we stated above, our reviewing court has repeatedly concluded that claims that are directed to the collection, analysis, and display of data, even though performed by computers, are directed to abstract ideas. *See, e.g., Elec. Power*, 830 F.3d at 1353.

Likewise, we are not convinced of Examiner error by Appellants’ argument that the Examiner describes the claims at a high level of abstraction untethered from the recitations of the claim language. App. Br. 13. Appellants characterize what the claimed subject matter is directed to at a level of abstraction that is lower than the level used by the Examiner. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–41 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction.”). The claimed abstract idea recited in the claims could be described as the collection, analysis, and display of data or could be described more specifically as the exact steps recited in the claims, as Appellants have done. The abstract idea could be described in other ways, as well. But its abstract nature remains the same.

We also are not persuaded of error on the part of the Examiner by Appellants’ argument that the claims are patent-eligible because the claims are patentable over prior art. App. Br. 15. To the extent Appellants

maintain that the limitations of claim 1 necessarily amount to “significantly more” than an abstract idea because the claimed apparatus is allegedly patentable over the prior art, Appellants misapprehend the controlling precedent. Although the second step in the *Alice/Mayo* framework is termed a search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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. A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90.

Appellants do not demonstrate error on the part of the Examiner by the argument that the Examiner did not address the exact recitations in the claims. In our view, the Examiner’s determination that the claims are directed to the steps of querying, determining, calculating, issuing, and ceasing, covers the exact recitations in the claims. In this regard, the limitations to which Appellants refer and list on page 17 of the Appeal Brief are part of the abstract idea itself.

In view of the foregoing, we will sustain the Examiner’s rejection as it is directed to claim 1. We also will sustain the rejection as it is directed to the remaining claims for the same reason.

DECISION

We affirm the Examiner’s § 101 rejection.

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TIME PERIOD

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) (2018).

AFFIRMED