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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SOHAIL ABDUL-RAHIM ABDULLA JAFFAR
AL ZARAWANI

Appeal 2017-006459
Application 12/030,526¹
Technology Center 3600

Before BRUCE T. WIEDER, TARA L. HUTCHINGS, and
AMEE A. SHAH, *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 1–13. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellant, “[t]he real party in interest is Sohail Abdul-Rahim Al Zarawani, the inventor and applicant of record.” (Appeal Br. 4.) We note that in the “Combined Declaration And Power Of Attorney,” filed February 13, 2008, the name of the inventor appears as Sohail Abdul-Rahim Abdulla Jaffar Al Zarawani.

CLAIMED SUBJECT MATTER

Appellant’s invention “generally relates to methods of financing and investment.” (Spec. 1, l. 14.) In particular, a “method is provided that infuses a pledged amount into an account of an issuer in a just-in-time manner.” (*Id.* at 5, ll. 13–14.)

Claims 1 and 8 are the independent claims on appeal. Claim 1 is illustrative. It recites:

1. A computer implemented method for infusing a pledged amount into an issuer account of an issuer of securities in a just-in-time manner, comprising the steps of:

(a) establishing in a host machine connected to a distributed computer network one or more pledge agreements each having terms including the pledged amount of a prescribed asset associated with an account of a respective asset holder;

(b) confirming access to the asset-holder account over the computer network and, thereafter, repeatedly monitoring over the computer network any established asset holder accounts to ensure a current availability of the associated prescribed asset associated with the pledged amount to provide a just-in-time asset transfer and notifying the asset holder via a wireless communication if the prescribed asset amount is in default in order to give the asset holder an opportunity to cure the default; and

(c) in response to an instruction received from the issuer of securities at the host machine:

(i) processing, using defined rules, the terms of the pledge agreements;

(ii) identifying from among the processed pledge agreements one or more asset-holder accounts having the current availability for infusing at least a portion of the pledged amount into the issuer account;

(iii) instructing the identified accounts to transfer at least a portion of the prescribed assets in the identified asset-holder accounts to the issuer account; and

(iv) for each account having at least the portion of the prescribed assets transferred, crediting the account

holder with an asset of the issuer of securities in accordance with the terms of the pledge agreement wherein the asset of the issuer of securities is a security.

REJECTION

Claims 1–13 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

“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, e.g., an abstract idea, 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 claim 1 “is directed to the abstract idea of creating a contractual relationship. [Although t]he claim does not specifically state[] ‘creating a contract,’ the concept of ‘creating a contract,’ is described by the various steps.” (Non-Final Action 3.)

Appellant disagrees and argues that “[t]he claims are directed to an improvement in investment and insurance processes” and, in particular, “directed to specific methods of infusing a pledged asset in a specific manner under specific conditions.” (Appeal Br. 14.)

Under step one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)).

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that Appellant’s invention “generally relates to methods of financing and investment.” (Spec. 1, l. 14.) Claim 1 provides further evidence. Claim 1 recites a “method for infusing a pledged amount into an issuer account . . . comprising the steps of . . . establishing . . . pledge agreements each having terms including the pledged amount of a prescribed asset,” “confirming access to the asset-holder account . . . and . . . monitoring . . . any established asset holder accounts to ensure a current availability of the associated prescribed asset . . . and notifying the asset holder . . . if the prescribed asset is in default,” and “in response to an instruction,” “processing . . . the terms of the pledge agreements,” “identifying . . . one or more asset-holder

accounts having the current availability for infusing at least a portion of the pledged amount,” “instructing the identified accounts to transfer at least a portion of the prescribed assets,” and “crediting the account holder with an asset of the issuer of securities in accordance with the terms of the pledge agreement.”

Although we and the Examiner describe, at different levels of abstraction, to what the claims are directed, it is recognized that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). That need not and, in this case does not, “impact the patentability analysis.” *See id.* at 1241.

Here, claim 1 recites creating contractual relationships, i.e., pledge agreements, and using a computer and computer network to monitor account information, and issue instructions associated with those pledge agreements, including to notify the asset holder in the event of a default.

As in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of “creating a contractual relationship” in *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354–55 (Fed. Cir. 2014) and “creat[ing] electronic records, track[ing] multiple transactions, and issu[ing] . . . instructions” in *Alice*, 134 S. Ct. at 2359, and the concept of infusing a pledged amount into an account through instructions to process pledge agreements, identify accounts, and transfer assets from and credit assets to the appropriate accounts. All are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357.

Nonetheless, Appellant argues “that the claims are directed to specific methods of infusing a pledged asset in a specific manner under specific conditions.” (Appeal Br. 14, citing *Enfish LLC v. Microsoft Corp.*, 822 F.3d 1327 (2016).) We disagree. The claim 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.*, 842 F.3d at 1240. Additionally, unlike the present claims, the claims in *Enfish* were “specifically directed to a *self-referential* table for a computer database.” *Enfish*, 822 F.3d at 1337. That is, “the plain focus of the claims [was] on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” *Id.* at 1336.

Appellant also argues that “[t]he claims are directed to an improvement in investment and insurance processes.” (Appeal Br. 14.) Even if we agreed with Appellant’s characterization of the claims, the asserted improvement would be, nonetheless, to a business practice regarding infusing funds into an account. In other words, “these claims in substance [are] directed to nothing more than the performance of an abstract business practice . . . using a conventional computer. Such claims are not patent-eligible.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014). Moreover, “[n]o matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm.” *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018); *see also id.* at 1168.

In view of the above, we agree with the Examiner that claim 1 is directed to an abstract idea.

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).

Appellant argues that “[t]he 5S Pledge is a new invention and method for financing and insurance.” (Appeal Br. 14, quoting Spec. 11, ll. 22–24.) But “under the *Mayo/Alice* framework, a claim directed to a newly discovered law of nature (or natural phenomenon or abstract idea) cannot rely on the novelty of that discovery for the inventive concept necessary for patent eligibility.” *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016).

Appellant also argues that “[s]imilar to the unique ISP filter location in *BASCOM*, the implementation of this new security instrument constitutes a unique arrangement of elements that effects a non-conventional improvement over the prior art.” (Appeal Br. 17, citing *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016).

In *Bascom*, the court determined that “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” *Bascom*, 827 F.3d at 1350. Specifically, “[t]he inventive concept described and claimed in the ’606 patent is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user.” *Id.* at 1350. The

Federal Circuit determined that this “particular arrangement of elements is a technical improvement over prior art ways of filtering.” *Id.* Appellant does not indicate what element(s) in claim 1 corresponds to, e.g., the “filtering tool at a specific location, remote from the end-users” that provides a *technical* improvement. Therefore, we do not find this argument persuasive.

Appellant further argues that “claim 1 is in line with Example 21, claim 2 of the Office’s July 2015 Update: Subject Matter Eligibility (‘Update’).”² (Appeal Br. 18.) In particular, Appellant argues that in claim 2 of the Example, “the claimed invention alerted the subscriber with particular information when the subscriber was offline” and that “[t]his was achieved by ‘transmitting the alert over a wireless communication channel.’” (*Id.* at 19.) Appellant then argues that “[c]laim 1 of the present application is similar to this Example 21, and achieves a very similar solution, i.e., to alert the subscriber via a wireless communication.” (*Id.*)

As an initial matter, we note that the Update simply presents hypothetical examples. (*See* Update Appendix 1.) We also note that claim 2 in Example 21 recites “[a] method of distributing stock quotes over a network to a remote subscriber computer” including the steps of

transmit[ing] the formatted stock quote alert over a wireless communication channel to a wireless device associated with a subscriber based upon the destination address and transmission schedule,

wherein the alert activates the stock viewer application to cause the stock quote alert to display on the remote subscriber

² *See July 2015 Update: Subject Matter Eligibility* (July 2015) (available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>); *see also July 2015 Update Appendix 1: Examples* (July 2015) (available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-app1.pdf>) (“Update Appendix”).

computer and to enable connection via the URL to the data source over the Internet when the wireless device is locally connected to the remote subscriber computer and the remote subscriber computer comes online.

(Update Appendix 3.) The Update Appendix explains that

[t]he claimed invention addresses the Internet-centric challenge of alerting a subscriber with time sensitive information when the subscriber's computer is offline. This is addressed by transmitting the alert over a wireless communication channel to activate the stock viewer application, which causes the alert to display and enables the connection of the remote subscriber computer to the data source over the Internet when the remote subscriber computer comes online.

(*Id.* at 4.)

Claim 1 in Example 21 is similar to Claim 2 except that Claim 1 lacks the stock viewer application; and, thus, does not address “the Internet-centric challenge of alerting a subscriber . . . when the subscriber's computer is offline” or “enable[] the connection of the remote subscriber computer to the data source over the Internet when the remote subscriber computer comes online.” Claim 1 in Example 21 is described as patent ineligible. (*Id.* at 3–4.) Appellant's claim 1 recites “notifying the asset holder via a wireless communication if the prescribed asset amount is in default.” Appellant does not explain why simply notifying the asset holder via a wireless communication addresses “the Internet-centric challenge of alerting a subscriber . . . when the subscriber's computer is offline” and, in particular, “enables the connection of the remote subscriber computer to the data source over the Internet when the remote subscriber computer comes online.” (*See id.* at 4.)

Appellant also argues that “[a] plain reading of claim 1 demonstrates that this claim does not preempt all methods of entering into contracts, or

even all types of pledge agreements.” (Appeal Br. 20.) Preemption, however, is not a separate test.

To be clear, the proper focus is not preemption *per se*, for some measure of preemption is intrinsic in the statutory right granted with every patent to exclude competitors, for a limited time, from practicing the claimed invention. *See* 35 U.S.C. § 154. Rather, the animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add “significantly more” to the basic principle, with the result that the claim covers significantly *less*. *See Mayo* 132 S. Ct. at 1294 [566 U.S. at 72–73].

CLS Bank Int’l v. Alice Corp. Pty. Ltd., 717 F.3d 1269, 1281 (Fed. Cir. 2013), *aff’d*, 134 S. Ct. 2347 (2014) (Lourie, J., concurring). Moreover, “[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 Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). In other words, “preemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to obtain data, analyze data and issue instructions/messages based on the results, and modify data are basic computer functions. *See, e.g., Alice*, 134 S. Ct. at 2359. In other words, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellant’s method add nothing that is not already present when the steps

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are considered separately. The claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea using some unspecified, generic computer. That is not enough to transform an abstract idea into a patent-eligible invention. *Id.* at 2360.

In view of the above, we agree with the Examiner that claim 1 is directed to a judicial exception without significantly more. Appellant argues that independent claim 8 and dependent claims 2–7 and 9–13 are patent eligible for at least the same reasons as claim 1. (Appeal Br. 21.) For the reasons discussed above, claims 2–13 fall with claim 1.

DECISION

The Examiner’s rejection of claims 1–13 under 35 U.S.C. § 101 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED