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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte FRANK J. KARLINSKI III and VINCENT L. NAPOLI

Appeal 2017-008374
Application 13/911,551
Technology Center 3600

Before ROBERT E. NAPPI, JENNIFER L. McKEOWN, and JAMES W. DEJMEK, *Administrative Patent Judges*.

McKEOWN, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants[1] appeal under 35 U.S.C. § 134(a) from the Examiner's decision to reject claims 1–4, 11, and 12. Claims 5–10 have been cancelled. We have jurisdiction over the remaining pending claims under 35 U.S.C. § 6(b).

We affirm.

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[1] According to Appellant, the real party in interest is American International Group, Inc. App. Br. 1.

STATEMENT OF THE CASE

Appellants' disclosed and claimed invention is directed to "determining a profit score for an individual policy, which score may be used to evaluate the desirability of offering or renewing individual insurance policies." Abstract.

Claim 1 is illustrative of the claimed invention and reads as follows:

> 1. A method for offering an insurance policy comprising:
>
> electronically receiving from an electronic data system via a computer network information provided by a potential insured, which information is associated with a risk of loss for an automobile insurance policy;
>
> underwriting the insurance policy based on the received information in order to determine a premium;
>
> receiving selections of a plurality of variables via a graphical user interface configured for use in calculating an expected profitability score;
>
> calculating with a computer the expected profitability score representative of an expected profit margin associated with the premium, the computer programmed to use the selections for the variables received via the graphical user interface to calculate the expected profitability score; and
>
> offering the insurance policy in exchange for payment of the premium if the expected profitability score exceeds a predetermined threshold.

THE REJECTIONS

The Examiner rejected claims 1–4, 11, and 12 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter. Final Act. 2–3.

The Examiner rejected claims 1–4, 11, and 12 under pre-AIA 35 U.S.C. § 103(a) as unpatentable over Chen (US 2003/0097292 A1; pub. May 22, 2003) and Benson (US 7,277,861 B1; iss. Oct. 2, 2007). Final Act. 3–5.

ANALYSIS

THE REJECTION UNDER 35 U.S.C. § 101

Claims 1–4, 11, and 12

Based on the record before us, we are not persuaded that the Examiner erred in rejecting claims 1–4, 11, and 12 as directed to patent-ineligible subject matter.

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 (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 Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). The first step in that analysis is to "determine whether the claims at issue are directed to one of those patent-ineligible concepts" (*id.*), for example, to an abstract idea. If the claims are directed to one of the patent-ineligible concepts, the inquiry proceeds to the second step where the elements of the claims are considered "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 78–79).

With respect to step one of the eligibility analysis, the Examiner concludes that the claims are "directed to the abstract idea of risk loss for an automobile insurance policy and calculating expected profit and offering an automobile insurance policy." Final Act. 2; Ans. 4. The Examiner explains that the claimed abstract idea is a fundamental economic practice and a method of organizing human behavior. Ans. 4; *see also* Ans. 6 (identifying

that the claimed concept is similar to the claims at issue in *buySAFE, Inc. v. Google*, 765 F.3d 1350 (Fed. Cir. 2014)(creating a contractual relationship) and *Bilski v. Kappos*, 561 U.S. 593 (2010)(implementing the financial principle of hedging on a computer)); Ans. 7 (identifying additional supporting Federal Circuit cases).

With respect to step two of the eligibility analysis, the Examiner determines that the additional claim limitations do not provide meaningful limitations to transform the abstract idea into eligible subject matter. Final Act. 2–3. The Examiner explains that claims "do not make improvements to another technology, to the functioning of the computer itself or impose meaningful limitations beyond generally linking the use of an abstract idea to a particular computer/processor. Any computer can be programmed to carry out the limitations of the claims." Ans. 4–5. Further, the Examiner finds that the claimed abstract idea require only a generic computer performing functions that are well-understood, routine, and conventions. Ans. 5. Specifically, "receiving data, underwriting, determine a premium, receiving variable and calculating an expected profitability score and offering" are well known routine and conventional activities and just generally link the use of these processes to a generic computer. Ans. 5.

Appellants argue that the claims include additional elements that amount to significantly more than the abstract idea.[2] App. Br. 4–5. In

[2] We note that Appellants only present arguments with respect to step two of the eligibility analysis. *See, e.g.,* App. Br. 4 ("Without acquiescing in any way to the conclusion in the pending Office Action that the claims are directed to 'the abstract idea of risk loss for an automobile insurance policy and calculating expected profit and offering an automobile insurance policy,' August 4, 2015 Office Action, p. 2, it is respectfully submitted that

particular, Appellants identify, for example, to the limitations of (1) an electronic data system, (2) a computer network, (3) a graphical user interface (GUI) configured for use in calculating an expected profitability score, and (4) a computer programmed to use the selections for the variables received via the graphical user interface to calculate the expected profitability score. App. Br. 5. According to Appellant, "[t]hese steps identify particular devices and require a particularly-programmed machine" and these more than insignificant features transform the abstract idea into eligible subject matter. App. Br. 5.

We disagree. Appellants merely recite claim limitations without persuasively explaining how these features transform the abstract idea into eligible subject matter. As the Examiner explains, "none of the limitations carried out via the use of a computer or processor, has any meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment." Ans. 5. The recited computer components (e.g., "electronic data system," "computer network," "graphical user interface," and "computer") are recited at a high level of generality such that the claims recite generic computer components performing generic computer functions that are well-understood, routine and conventional activities. Ans. 5. Moreover, merely collecting data, i.e. receiving variables, and analyzing data, i.e. calculating a profit score, are generic functions that are well understood, routine, and conventional activities. *See, e.g., OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (2015) (holding

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each appealed claim of the present application includes additional features that ensure the claims are more than a drafting effort designed to monopolize an abstract idea."); *see also* App. Br. 3–6.

ineligible claims directed to collecting information that is analyzed to determine an offer price for a product). As such, the claims here recite "the performance of an abstract business practice" using a "conventional computer" and "[s]uch claims are not patent eligible." *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014).

Appellants also assert that

> The claimed method employs a specially programmed machine that can determine "a profit score for an individual policy, which score may be used to evaluate the desirability of offering or renewing individual insurance policies." *Id.* at p. 2, ¶ [0006]. This is a significant improvement over any existing technological process known at the time of the invention.

App. Br. 5; *see also* App. Br. 6 (citing guidance regarding eligibility for improvements to another technology or technical field). Therefore, Appellants maintain that the claims are directed to patent-eligible subject matter.

We find Appellants' argument unpersuasive. Notably, the argued improvement is really an improvement of the underlying economic practice itself, rather than a technological improvement of the computer system that implements the underlying economic practice. *See, e.g.*, App. Br. 5 (noting that prior art processes do not use a calculated profitability score to determine whether to offer or renew an insurance policy). Such an improvement does not constitute an improvement to the functionality of the underlying computer system or technological process. Therefore, we are not persuaded of error in the Examiner's determination.

Accordingly, we affirm the Examiner's rejection of claims 1–4, 11, and 12 as directed to patent-ineligible subject matter.

THE REJECTION UNDER 35 U.S.C. § 103 BASED ON CHEN AND BENSON

Claims 1–4, 11, and 12

Based on the record before us, we are not persuaded that the Examiner erred in rejecting claims 1–4, 11, and 12 as unpatentable over Chen and Benson.

Appellants argue that a skilled artisan would not have combined Chen and Benson. App. Br. 6–8. Specifically, Appellants assert that

> It is respectfully submitted that the ordinary artisan, having no prior knowledge of Appellants' invention, would not have a credible reason for modifying Chen's method for stability analysis of profitability of target markets for goods or services with any of the features of Benson's insurance policy renewal method in such a way as to arrive at the method for offering an insurance policy recited in claim 1.

App. Br. 7. Appellants explain that Chen is "particularly interested in estimating 'the stability, or accuracy, of profitability scores of target markets for different goods or services,'" whereas Benson is directed to an insurance renewal method and system where a remote agent can bind the insurance carrier. App. Br. 9. According to Appellants, "Benson and Chen are aimed at addressing the different problems and arrive at different, non-compatible solutions." *Id.*

We find Appellants' argument unpersuasive. Both Chen and Benson are directed to providing insurance policies and the Examiner relies on Benson for the limited purpose of offering an insurance policy. *See* Ans. 8–9 (noting that Chen may not have been "specific enough regarding insurance policies"). As the Examiner explains,

> It is clear that one would be motivated to combine prior art elements according to know methods to yield predictable results.

> Specifically both Chen and Benson both relate to same subject area of evaluating insurance claims and although Chen does not explicitly have offering the policy it is inherent that when legally allowed policies offered may change based on the evaluation done in Chen as this is standard business practices explicitly taught in Benson.

Final Act. 4–5. Moreover, Chen expressly teaches a profitability calculation for goods or services, such as an insurance product. Chen ¶ 3, 40. Although offering an insurance product may not be explicitly disclosed, it would have been obvious to a skilled artisan at the time of the invention to offer the good or service when the profitability calculation resulted in showing a profit, i.e., the profitability calculation is above a certain threshold. *See KSR Int'l. Co. v. Teleflex, Inc.*, 550 U.S. 398, 418 (2007) (citations omitted)("the [obviousness] analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ."). Therefore, we are not persuaded of error in the Examiner's determination.

Appellants next assert that the combination of Chen and Benson fails to teach or suggest offering an insurance policy if the profitability score exceeds a predetermined threshold, as recited in claim 1. App. Br. 10. Specifically, Appellants assert that:

> Neither Chen nor Benson teach or suggest a method including the steps of: (1) "receiving selections of a plurality of variables via a graphical user interface configured for use in calculating an expected profitability score" and (2) "calculating with a computer the expected profitability score representative of an expected profit margin associated with the premium, the computer programmed to use the selections for the variables

> received via the graphical user interface to calculate the expected profitability score," as recited in claim 1.

App. Br. 10.

We disagree. First, Appellants merely repeat the claim language without persuasively identifying any deficiency of the combination of Chen and Benson. *See* 37 C.F.R. § 41.37(c)(1)(vii)(stating that "[a] statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim."). We also agree with the Examiner that Chen expressly teaches the claimed limitation of a profitability calculation of a good or service. *See, e.g.*, Final Act. 4; Chen ¶ 40 (noting that "[i]llustrated in FIG. 6 is an example of one implementation of the formula for calculating the profitability of a portfolio of goods or services."). The Examiner explains, and takes Official Notice, that it would have been well known at the time of the invention that a profitability score has a threshold. For example, "[i]f you are calculating a score to make decisions about insurance policies (or any service such as in Chen) you would use that to make a decision you would have a scale and threshold." Ans. 9. As such, we are not persuaded of error in the Examiner's findings.

Accordingly, we affirm the Examiner's rejection of claims 1–4, 11, and 12 as unpatentable over the combination of Chen and Benson.

DECISION

We affirm the Examiner's decision to reject claims 1–4, 11, and 12.

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