UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
13/964,946	08/12/2013	Corey Blaine Multer	600181-015CON	5149

61834 7590 10/17/2018

Meister Seelig & Fein LLP
125 Park Avenue
7th Floor
NEW YORK, NY 10017

EXAMINER	
BADII, BEHRANG	

ART UNIT	PAPER NUMBER
3667	

NOTIFICATION DATE	DELIVERY MODE
10/17/2018	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

patents@msf-law.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte COREY BLAINE MULTER, ROBERT L. CONWAY, and DAVID JOHN BAELIS

Appeal 2017-008650
Application 13/964,946[1]
Technology Center 3600

Before BRUCE T. WIEDER, AMEE A. SHAH, and ROBERT J. SILVERMAN, *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 1–18. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

---

[1] According to Appellants, the real party in interest is New York Life Insurance Company. (Appeal Br. 2.)

CLAIMED SUBJECT MATTER

Appellants' "invention relates to methods and systems that provide, among other things, annuities with liquidity options without some or all of the shortcomings associated with annuity liquidity appearing in the art and legacy benefits without some or all of the shortcomings associated with existing annuity legacy benefits." (Spec. 4, ll. 4–7.)

Claims 1, 8, and 12 are the independent claims on appeal. Claim 1 is illustrative. It recites:

> 1. A computerized method of providing an annuity having a guarantee period for the life of an annuitant and an advanced payment option comprising:
>
> obtaining, by a processing device via a web communication interface, annuitant information useful for issuing the annuity;
>
> electronically computing, by the processing device via a digital assistant interface, an annuity variable including future income payments, the annuity variable computed based at least partially on the annuitant information;
>
> generating, by the processing device via the digital assistant interface, a programming loop that tests demands to exercise the advanced payment option with conditional programming associated with the annuity;
>
> computing, by the processing device via the digital assistant interface, a commuted value, at a time of exercising the advanced payment option, of the future income payments for a remainder of the guarantee period based on the annuity variable;
>
> wherein the digital assistant interface receives an indication from the programming loop to facilitate the computation of the commuted value for advanced distribution of the future income payments to the annuitant, the advanced distribution of the future income payments comprising a lump sum distribution of a portion of the commuted value; and
>
> wherein the future income payments due to the annuitant for the remainder of the guarantee period subsequent to receiving the advanced distribution of the future income payments are at

least one of ceased and reduced for a period of time to account for the advanced distribution of the future income payments.

REJECTIONS

Claims 1–18 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

Claims 1–18 are rejected under 35 U.S.C. § 102(e) as anticipated by Fisher (US 7,664,700 B1, iss. Feb. 16, 2010).

Claims 1–18 are rejected under 35 U.S.C. § 103(a) as unpatentable in view of Fisher and Dellinger (US 2007/0011086 A1, pub. Jan. 11, 2007).

ANALYSIS

The § 101 rejection

Appellants argue all claims together. We select claim 1 as representative. Claims 2–18 will stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

"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 *Ass'n 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 the claims are directed to an abstract idea. (Final Action 9.) In particular, the Examiner determines that "[o]btaining annuitant information useful for issuing the annuity is at least an economic practice," "[c]omputing an annuity variable including future income payments, the annuity variable computed based at least partially on the annuitant information is at least an economic practice," "[g]enerating a programming loop that tests demands to exercise the advanced payment option with conditional programming associated with the annuity is at least an economic practice," "[c]omputing a commuted value, at a time of exercising the advanced payment option, of the future income payments for a remainder of the guarantee period based on the annuity variable is at least an economic practice," "[t]he advanced distribution of the future income payments comprising a lump sum distribution of a portion of the commuted value is at least an economic practice," and "[w]herein the future income payments due to the annuitant for the remainder of the guarantee period subsequent to

receiving the advanced distribution of the future income payments are at least one of ceased and reduced for a period of time . . . is at least an economic practice." (*Id.* at 9–12.) In short, the claims relate to receiving data, analyzing the data (including testing the data and determining values based on the data). And, "[a]s many cases make clear, even if a process of collecting and analyzing information is 'limited to particular content' or a particular 'source,' that limitation does not make the collection and analysis other than abstract. *Electric Power*, 830 F.3d at 1353, 1355 (citing cases)." *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018).

In the Appeal Brief, Appellants do not present arguments regarding the Examiner's determination under step one of the *Alice* framework or otherwise dispute the adequacy of the Examiner's step one analysis. (*See* Appeal Br. 5–8.) Therefore, we look to Appellants' arguments regarding step two of the *Alice* framework.

Step two of the 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).

Appellants argue that

> rather than examining the claims as a whole, the Examiner merely summarizes certain elements from independent claim 1 and arrives at the conclusion that the elements of the claim "do not have any meaningful limitations beyond generally linking the usage of the above judicial exception or abstract idea to a generic computational device. [sic]" and "a generic computer can be programmed to implement the above judicial exception or abstract idea."

(Appeal Br. 5–6, quoting Final Action 13–14.) Specifically, Appellants argue that, in view of *BASCOM Global Internet Services., Inc. v. AT&T Mobility LLC,* 827 F.3d 1341 (Fed. Cir. 2016),

> the Examiner has not sufficiently analyzed the claims to conclude that the presently claimed invention has "no improvements to another technology or technical field, no improvements to the functioning of the computer itself and no meaningful limitations beyond generally linking the use of an abstract idea to a generic processor/computer."

(Appeal Br. 7, quoting Final Action 14.)

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 "its particular arrangement of elements is a technical improvement over prior art ways of filtering." *Id.*

Here, the Examiner determines that

> [t]he limitations of the claims are mere instructions to apply the abstract ideas on a generic processor/computer. Hence there are no improvements to another technology or technical field, no improvements to the functioning of the computer itself and no meaningful limitations beyond generally linking the use of an abstract idea to a generic processor/computer.

(Answer 8.) Additionally, the Examiner determines that the claim recitations of "[w]eb communication interface, digital assistance interface or a processing device are other names for computational/processing

devices/machines/computer, digital assistance, digital interface (computers, laptops, smart phones, etc.)." (*Id.* at 7.)

Appellants' Specification supports the Examiner's determination. The Specification discloses the use of conventional computer components in a conventional arrangement. (*See, e.g.*, Spec. p. 23, l. 21–p. 24, l. 23 (disclosing "a client interface 302 having a processor and associated computer memory, a display device 306, and an input device 308" being "communicatively connected to at least one server 314 over a communications network 316").) Moreover, Appellants do not indicate what element(s) in claim 1 correspond to, e.g., the "filtering tool at a specific location, remote from the end-users." *See BASCOM*, 827 F.3d at 1350.

In the Reply Brief, Appellants argue:

> The present claims, when taken as a whole, amount to more than simply applying an abstract idea on a generic computer. For example, the elements of "generating, by the processing device via the digital assistant interface, a programming loop that tests demands to exercise the advanced payment option with conditional programming associated with the annuity" and "wherein the digital assistant interface receives an indication from the programming loop to facilitate the computation of the commuted value for advanced distribution of the future income payments to the annuitant..." recited in independent claim 1 (and similarly in independent claims 8 and 12) relate to an online payment processing system that includes testing of advanced payment options. As such, the presently claimed invention is a novel solution for improving electronic payments processing that was not previously performed.

(Reply Br. 3–4.) But these claim limitations simply recite applying the abstract idea on a generic processor/computer. (*See* Answer 8.) For example, with regard to the claim limitation regarding "generating, by the processing device via the digital assistant interface, a programming loop that

tests demands to exercise the advanced payment option with conditional programming associated with the annuity," the Specification discloses, e.g., "where the demand is made for an advance of future payments, testing will entail determining whether the option was previously exercised and whether the current demand in combination with any previous demands fall within the maximum number of times the option may be exercised." (Spec. 17, ll. 5–8; *see also id.* at 18, ll. 4–6.) In other words, the processor performs a test and the result of the test determines how the programmed method continues.

In short, the limitations cited by Appellants in the Reply Brief recite "mere instructions to apply the abstract ideas on a generic processor/computer." (Answer 8.) Appellants do not profess to have invented programming loops to test input requests and provide results from the test. *See BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1286 (Fed. Cir. 2018). Thus, "[t]hese 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).

Taking the claim elements separately, the function performed by the computer/processor at each step of the process is purely conventional. Using a computer to obtain and analyze 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/processor components of Appellants' method add nothing that is not already present when the steps are considered separately. The claims do not, for example,

purport to improve the functioning of the computer/processor 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. Claims 2–18 fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The § 102(e) rejection

The Examiner finds that Fisher discloses

> computing, by the processing device via the digital assistant interface, a commuted value, at a time of exercising the advanced payment option, of the future income payments for a remainder of the guarantee period based on the annuity variable; wherein the digital assistant interface receives an indication from the programming loop to facilitate the computation of the commuted value for advanced distribution of the future income payments to the annuitant, the advanced distribution of the future income payments comprising a lump sum distribution of a portion of the commuted value (col.7, 25-62; col.5, 20-39 & 43-63; Col.2, 10-58; abstract; fig's 2-5).

(Final Action 16.)

Appellants disagree and argue that

> [t]he presently claimed advanced payment option allows a holder of the right to demand an advance of income payments. ([S]ee Appellants' specification on at least p. 10, 11. 10-16; and p. 11, 11. 1-9). *By contrast, Fisher discusses an annuity contract that can be surrendered or where partial withdrawals can be taken from the principal in addition to payouts from the annuity.*

> (Fisher, col. 5, l. 20-col. 6, l. 4; and col. 7, ll. 25-31). A surrender or withdrawal is taken out from the principal value of an annuity and is independent from the payouts. (Fisher, col. 5, ll. 64-66). Fisher does not discuss an option to advance the payouts.

(Appeal Br. 8–9, emphasis added.)

As an initial matter, we note that the "commuted value" is "the sum necessary to provide future payments as provided for in an annuity policy." *Commuted value*, Merriam-Webster.com, http://www.merriam-webster.com/dictionary/commuted%20value (last visited Oct. 12, 2018).

Claim 1 recites "computing . . . an annuity variable including *future income payments*," and "computing . . . a commuted value, at a time of exercising the advanced payment option, of the future income payments for a remainder of the guarantee period . . . wherein . . . *the advanced distribution of the future income payments* comprising a lump sum distribution of a portion of the commuted value." (Emphasis added.)

Appellants' Specification discloses that

> [a]nnuity variables may . . . differ between different types of annuities. For immediate annuities, for instance, annuity variables may include the premium for the annuity, the desired future income payments, any applicable increases in the periodic payments over time to account for, e.g., inflation, the guarantee period, e.g., life or for a term certain, the applicable interest rate, fees, etc. The insurer will typically specify certain variables, such as the interest rate or rates and any applicable fees.

(Spec. 9, ll. 10–17.) Appellants' Specification also discloses that:

> *With regard to the advanced future income payment embodiment, a holder of the right to exercise the option may demand from the insurer an advance of future income payments or a portion thereof.* Although the number of times the advanced payment option may be exercised and the magnitude of the

> advance may be unlimited, an insurer may limit the holder's rights in this respect. For instance, the insurer may limit the number of times the option may be exercised, such as once, twice, etc., and may limit the amount of the advance in terms of a dollar amount, an income period, e.g., six months of income, or a plurality of future income payments, e.g., five or six monthly future income payments.

(*Id.* at 11, ll. 1–8, emphasis added.) Appellants' Specification further discloses that,

> for example, an advance of six monthly future income payments may cause the future income payments to cease for the six months for which the advance was taken. Conceptually, the advance may be viewed as a lump sum distribution of six months [sic] worth of future income payments in which instance the advance will be of five future income payments and consequently future income payments will cease for a period of five months to account for the distribution.

(*Id.* at 11, ll. 13–16.) Claim 1 recites that "the advanced distribution of the future income payments compris[es] a lump sum distribution of a portion of the commuted value." And Appellants' Specification discloses that "[t]he insurer faces a risk associated with the advance in the event the insured dies before the advance is accounted for." (Spec. 11, ll. 17–18.)

In view of the above, we determine that the advanced distribution of the future income payments of claim 1 are not repayments of principal, but are advanced payments/distributions of future income payments.

Fisher discloses an "invention [that] relates to a system for and method of individual annuity payout administration wherein the individual annuity contract includes a payout option which enables the contract owner to withdraw annuity principal during the annuity payout phase." (Fisher, col. 3, ll. 51–55.) Specifically, Fisher discloses various payout options for

annuities including one that "permits principal withdrawals to be made once the contract has annuitized." (*Id.*, col. 5, ll. 30–31.)

"[A]n invention is anticipated if the same device, including all the claim limitations, is shown in a single prior art reference. Every element of the claimed invention must be literally present, arranged as in the claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236 (Fed. Cir. 1989). "Anticipation can occur when a claimed limitation is 'inherent' or otherwise implicit in the relevant reference." *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1369 (Fed. Cir. 1991).

Although, as discussed above, the Examiner indicates where Fisher discloses payout options after annuitization that reduce the annuity's principal, it is not clear where, in the paragraphs cited by the Examiner, Fisher discloses advanced payment/distribution of future income payments.

In view of the above, we are persuaded that the Examiner erred in rejecting claim 1 as anticipated by Fisher. Independent claims 8 and 12 contain similar language and, therefore, for the same reasons, we are persuaded that the Examiner erred in rejecting claims 8 and 12, and dependent claims 2–7, 9–11, and 13–18.

The § 103(a) rejection

In rejecting claims 1–18 under §103(a), the Examiner finds that "Dellinger discloses reducing or ceasing future payments subsequent to the advance (withdrawal of funds)." (Final Action 23, citing Dellinger ¶ 93.) The Examiner further finds that

> Dellinger, explicitly discloses advanced distribution of future income payments (lump sum payment), being a portion of the commuted value via p93:

> "In the same example, an unscheduled payment of $5,000 (which is therefore an excess withdrawal of $5,000) reduces the account value by 10% and the current payment amount reduces by 10%. In the adjustments, the investment return for the period from the most recent scheduled payment to the date of the new transaction may be reflected in the adjustment."

(Answer 25, emphasis omitted, quoting Dellinger ¶ 93.)

Appellants disagree and argue that "Dellinger's unscheduled withdrawals are not 'a lump sum distribution of a portion of the commuted value of future income payments.' Rather, the unscheduled withdrawals are discussed as variable withdrawals from an accumulation of deposits as desired by the owner. (Dellinger, ¶¶83, 93, and 109)." (Reply Br. 5.)

We are persuaded of error. The invention disclosed in Dellinger "contrasts with normal annuitization in two ways. First, the annuitization of the contract (or, in the case of a mutual fund, purchase of the annuity) is postponed until the end of the liquidity period." (Dellinger ¶ 82.) "Second, because the annuitization of the contract (or mutual fund) is postponed, a lump sum or partial account value withdrawal capability still resides with the owner(s) during the liquidity period." (*Id.* ¶ 83.) Paragraph 93 of Dellinger discloses:

> The contract holder may make additional deposits and may make withdrawals in excess of the designated withdrawal amount, *provided the end of the liquidity period has not yet been reached*. In such instances, the benefit payment program must be adjusted. Adjustments are made by increasing or decreasing the current payment amount by the same proportion as the amount of the new transaction (deposit or excess withdrawal) bears to the account value just prior to the transaction. For example, if the current account value is $50,000 and the current

> payment amount is $1,500, an additional deposit of $5,000 increases the account value by 10% and the payment amount is therefore increased by 10%. In the same example, an unscheduled payment of $5,000 (which is therefore an excess withdrawal of $5,000) reduces the account value by 10% and the current payment amount reduces by 10%. In the adjustments, the investment return for the period from the most recent scheduled payment to the date of the new transaction may be reflected in the adjustment.

(Dellinger ¶ 93, emphasis added.) In other words, rather than being an advanced payment/distribution of the future income payments, the unscheduled/excess withdrawal reduces the account value itself. This may very well, absent offsetting unscheduled additional deposits, ultimately reduce the amount of future income payments. However, the Examiner does not sufficiently explain, with rational underpinnings, the relation between the unscheduled payment/withdrawal in Dellinger that reduces the account value itself, and the claimed advanced payment/distribution of future income payments. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007). Therefore, we will reverse the rejection of claims 1–18 under § 103(a).

DECISION

The Examiner's rejection of claims 1–18 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejection of claims 1–18 under 35 U.S.C. § 102(e) is reversed.

The Examiner's rejection of claims 1–18 under 35 U.S.C. § 103(a) is reversed.

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