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BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ILYA SLUTSKER, YULIUS NICOLAUS, SCOTT ARCAND, SASAN MOKHTARI, and BEHNAM DANAI

Appeal 2017-008722
Application 13/140,248
Technology Center 3600

Before CAROLYN D. THOMAS, ADAM J. PYONIN, and JOSEPH P. LENTIVECH, *Administrative Patent Judges*.

LENTIVECH, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellants[1] appeal from the Examiner's decision to reject claims 1–17, the only claims pending in the application on appeal. App. Br. 3. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b).

We affirm.

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[1] According to Appellants, the real party in interest is Open Access Technology, Inc. App. Br. 3.

STATEMENT OF THE CASE

Appellants' Invention

Appellants' invention generally relates to "energy trading between Regional Transmission Organizations (RTO), and in particular to software that simplifies procurement of energy in one RTO market and its resale in another [RTO market]." Spec. 1:14–16. Claim 1, which is illustrative, reads as follows:

> 1. A computer program product for use with a computer having a graphics display device, the computer running the computer program product, the computer program product comprising:
>
> a computer usable non-transitory medium having computer readable program code embodied in the medium and running in the computer for automating energy trading in which energy in a first regional transmission organization (RTO) is traded for energy in a second RTO, the computer program product comprising:
>
> computer readable program code running in the computer to allow a processor of the computer to perform the step for creating a template for an energy trade between the first RTO and the second RTO, wherein the template comprises a plurality of trade components, the plurality of trade components being arranged in sequential order according to the first RTO and the second RTO's required order of execution, which eliminates the need for a user to take action to schedule a trade, but allows an automated trade;
>
> computer readable program code running in the computer to allow the processor of the computer to perform the step for selecting a template for an energy trade between two RTOs;
>
> computer readable program code running in the computer to allow the processor of the computer to perform the step for displaying a summary of a trade; and

computer readable program code running in the computer to allow the processor of the computer to perform the step for monitoring and displaying a trade's status.

References

The Examiner relies on the following prior art in rejecting the claims:

Gilbert et al. ("Gilbert") US 2005/0027636 A1 Feb. 3, 2005

Gooch et al. ("Gooch") US 2005/0149428 A1 July 7, 2005

Brendan Ring, Larry Ruff, and Usman Hannan, *Regional Electricity Trading: Opportunities and Challenges for Ontario*, Market Reform (2008) ("Ring").

Rejections

Claims 1–17 stand rejected under 35 U.S.C. § 101 because the claimed subject matter is judicially excepted from patent eligibility under § 101. Final Act. 2–4.

Claims 1–17 stand rejected under 35 U.S.C. § 112, first paragraph, for failing to comply with the written description requirement. Final Act. 5–6.

Claims 1–17 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. Final Act. 6–7.

Claims 1–17 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of Ring, Gilbert, and Gooch. Final Act. 8–16.

ANALYSIS

Rejection under 35 U.S.C. § 101

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*, 573 U.S. 208, 216 (2014) (quoting *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (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 those concepts." *Alice*, 573 U.S. at 217. 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 inquiry often is whether the claims are directed to "a specific means or method" for improving technology or whether they are simply directed to an abstract end-result. *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). If the claims are not directed to a patent-ineligible concept, 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*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78–79). 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 itself 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).

The Examiner determines the claims are directed to "creating a template for an energy trade." Final Act. 2. Creating a template for an energy trade, according to the Examiner, is a fundamental economic practice and a method of organizing human activities and, therefore, the claims are directed to an abstract idea. Final Act. 2–3.

Appellants argue the claims "do not claim a mere abstract idea, but require concrete steps and actions." App. Br. 6. Appellants argue claim 1, for example, "requires 'the step for creating a template for an energy trade' which is a concrete action and not a mere abstract idea." App. Br. 6. Appellants further argue claim 1 is not directed to an abstract idea but, instead, is directed to "a method of selecting criteria which mitigates user error and determines locations." App. Br. 6.

Claim 1 is directed to the automation of energy trading between regional transmission organizations. *See* Spec. Title, 1:14–16. As acknowledged by Appellants, "energy trading between RTO territories existed prior to the filing of the present disclosure." App. Br. 16. We agree with the Examiner (Final Act. 2–3) that energy trading between regional transmission organizations is a fundamental economic practice and, therefore, that claim 1 is directed to an abstract idea. *See* Ring 38 ("Even before modern electricity markets developed, system operators would allow trades to be scheduled with other regions either as imports to their system, exports from their system, or 'wheeling' trades across their system.").

The Examiner determines the claims fail to recite significantly more than the abstract idea because:

> The additional elements or combination of elements in the claims ("automating," "selecting," "displaying," "monitoring,") other than the abstract idea per se amounts to no more than: (i) mere

> instructions to implement the idea on a computer, and/or (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry.

Final Act. 3. Appellants fail to present any arguments or evidence persuasive to show that claim 1 recites significantly more than the abstract idea. *See* App. Br. 6. Accordingly, we are not persuaded the Examiner erred in determining claim 1 is directed to patent-ineligible subject matter under 35 U.S.C. § 101.

Regarding claims 2–17, Appellants discuss the purpose and benefits of the limitations recited in each of these claims. *See* App. Br. 6–13. However, Appellants fail to explain how these purposes and benefits cause the claims to be directed to something other than the abstract idea of energy trading between regional transmission organizations or cause the claims to recite significantly more than the abstract idea. As such, Appellants' arguments fail to show that the Examiner erred in determining that claims 2–17 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.

For the foregoing reasons, we are not persuaded the Examiner erred in rejecting claims 1–17 under 35 U.S.C. § 101.

Rejections under 35 U.S.C. § 112

Regarding the rejection under 35 U.S.C. § 112, first paragraph, the Examiner finds Appellants' Specification does not provide the required written description support for automating energy trading "which energy in a first regional transmission organization (RTO) is traded for energy in a second RTO," as recited in claim 1, and "which eliminates the need for a

user to take action to schedule a trade, but allows an automated trade," as also recited in claim 1 and similarly recited in claim 16. Final Act. 5–6.

Regarding the rejection under 35 U.S.C. § 112, second paragraph, the Examiner finds the limitation "which eliminates the need for a user to take action to schedule a trade, but allows an automated trade," as recited in claim 1, and similarly recited in claim 16, is indefinite because "[i]t is not clear how the arrangement of the trade components leads to elimination of the need for a user to take action to schedule a trade, 'but' allows an automated trade" and that "[t]here appear[s] to be essential missing steps." Final Act. 7.

In the Appeal Brief, Appellants do not argue the rejections under 35 U.S.C. § 112, first and second paragraphs, separately; but instead, rely on the same arguments for both rejections. *See* App. Br. 14. In particular, Appellants argue:

> [A]pplicant has previously amended claim 1 and claim 16 to clarify that the energy in a first regional transmission organization is traded for energy in a second RTO. The energy trading to be automated is determined by the encrypted machine intelligence which evaluates market conditions, decides which steps need to be performed, the order in which said steps must be performed, and constructing the data for those steps. In this manner, the invention selects the templates that will be utilized for facilitating user actions/communications between the two RTOs based on certain external, trade-based criteria specific to the inventive method in question, wherein the inventive method operates to choose applicable templates for such use.

App. Br. 14. Regarding the rejection under 35 U.S.C. § 112, first paragraph, Appellants' arguments fail to show where the Specification provides the required written description support for automating energy trading "which energy in a first regional transmission organization (RTO) is traded for

energy in a second RTO," as recited in claim 1, and "which eliminates the need for a user to take action to schedule a trade, but allows an automated trade," as also recited in claim 1 and similarly recited in claim 16. Appellants' arguments, therefore, are unpersuasive to show the Examiner erred in rejecting the claims under 35 U.S.C. § 112, first paragraph.

With respect to the rejection under 35 U.S.C. § 112, second paragraph, Appellants' arguments fail to explain how selecting the templates that will be utilized for *facilitating user actions/communications* between the two RTOs based on certain external, trade-based criteria eliminates the need for a user to take action to schedule a trade and/or allows for an automated trade, as required by claims 1 and 16. Appellants' arguments, therefore, are unpersuasive to show the Examiner erred in rejecting the claims under 35 U.S.C. § 112, second paragraph.

Rejection under 35 U.S.C. § 103(a)

Appellants contend the combination of Ring, Gilbert, and Gooch fails to teach or suggest "a computer usable non-transitory medium having computer readable program code embodied in the medium and running in the computer for automating energy trading in which energy in a first regional transmission organization (RTO) is traded for energy in a second RTO," as recited in claim 1. App. Br. 15. Appellants argue the cited references fail to teach or suggest the disputed limitation because the references do not teach or suggest "a system for automating," as required by claim 1. App. Br. 15. In particular, Appellants argue:

> Ring speaks only of the desirability of such a system. Ring says "*In an idealized market* . . . match those trades and take care of all the transmission considerations automatically" (Ring, pg. 38,

> ¶ 5), and then that such a system does not exist "Now let us consider the reality of a trade" (Ring, pg. 38, ¶ 6), "it is not possible to have the transaction scheduled simultaneously in all those markets (Ring, pg. 38, ¶ 7).
>
> Further, Ring's discussion on the remainder of page 38 suggests that such a trading system is not possible because electricity flows in an uncontrolled manner through the grid, and may flow in to other markets. Thus, automatically matching trades is not possible because the traded electricity may not flow properly from buyer to seller.
>
> The problems associated with Ring's system do not apply to Applicant's automated system, as claimed, which is designed not to address the uncontrollability of electricity, but to eliminate the necessity of user action from scheduling trades. Ring also does not explain how such a system could be implemented. Thus, without further enabling art, Ring page 38 cannot be used to show that the implementation of such a system was obvious at the time of filing.

App. Br. 15. Appellants argue "Gilbert describes a market system, the one where many buyers and sellers participate in trading merchandise" and "the system described in Gilbert has no automation." App. Br. 17. Appellants further argue the Examiner has not "provided analysis of either the proposed prior-art disclosure" nor "an explanation of the relationship between the two." App. Br. 17.

As articulated by the Federal Circuit, the Examiner's burden of proving non-patentability is by a preponderance of the evidence. *See In re Caveney*, 761 F.2d 671, 674 (Fed. Cir. 1985) ("preponderance of the evidence is the standard that must be met by the PTO in making rejections"). "A rejection based on section 103 clearly must rest on a factual basis[.]" *In re Warner*, 379 F.2d 1011, 1017 (CCPA 1967). "The Patent Office has the initial duty of supplying the factual basis for its rejection. It may not . . .

resort to speculation, unfounded assumptions or hindsight reconstruction to supply deficiencies in its factual basis." *Id.*

We conclude the Examiner's analysis fails to meet this standard because the rejections do not adequately explain the Examiner's findings of fact. Particularly, the findings that the prior art discloses the argued "energy in a first regional transmission organization (RTO) is traded for energy in a second RTO" of claim 1, based upon the prior art disclosures of Ring, Gilbert, and Gooch.

While we agree with the Examiner that Ring "recognizes the advantages of promoting electricity trading between regions, such as RTOs" and "Gilbert teaches a computerized system for affecting energy trades" (Final Act. 9), the record before us does not support the Examiner's analysis:

> it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to modify the method of trading between RTOs of Ring (Ring section 4.2, "PIM") with the teachings of Gilbert who provides specific details of an automated energy trading system, and notes the broader application of his system to other trading areas such as transmission and distribution (Gilbert: [00631-[0063]), as would be useful to RTOs (i.e. "Regional Transmission Organizations"). This would have been an example of applying a known technique (Gilbert) to a known method (Ring) ready for improvement to yield the predictable result of enabling the trading of electricity between regions, such as those governed by different RTOs.

Final Act. 9–10.

Ring teaches that the planning and scheduling process of energy trading "does not happen in real-time, but is a culmination of a planning process that commences a long time prior to real-time." Ring 37. Ring describes "the reality of a trade from the mid-west to New York City" and teaches that the transaction "must be scheduled in four different markets, all

of which have subtle differences in their scheduling processes." Ring 38. Ring further teaches "[i]t is not possible to have the transaction scheduled simultaneously in all those markets" and "[e]ven once the transaction is scheduled, real-time events can mean that the scheduled transaction might be cancelled by one or more system operators, effecting the entire transaction." Ring 38–39.

The Examiner's findings fail to explain why or how the system of Gilbert could be applied to implement Ring's method of energy trading in light of the complexities and problems associated with energy trading between RTOs identified and described by Ring. We conclude, consistent with Appellants' arguments, there is insufficient articulated reasoning to support the Examiner's findings. Therefore, we conclude that there is insufficient articulated reasoning to support the Examiner's final conclusion that claim 1 would have been obvious to one of ordinary skill in the art at the time of Appellants' invention.

Accordingly, we do not sustain the Examiner's rejection under 35 U.S.C. § 103(a) of claim 1; independent claim 16, which recites corresponding limitations; and claims 2–15 and 17, which depend from claim 1.

Because we find the issue discussed above to be dispositive as to the rejection under 35 U.S.C. § 103(a) of all the pending claims, we do not reach Appellants' additional allegations of error.

DECISION

We affirm the Examiner's rejection of claims 1–17 under 35 U.S.C. § 101.

We affirm the Examiner's rejection of claims 1–17 under 35 U.S.C. § 112, first paragraph.

We affirm the Examiner's rejection of claims 1–17 under 35 U.S.C. § 112, second paragraph.

We reverse the Examiner's rejections of claims 1–17 under 35 U.S.C. § 103(a).

Since at least one rejection encompassing all claims on appeal is affirmed, the decision of the Examiner 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