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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
14/542,615	11/16/2014	Richard B. Himmelstein	BAR-0014	1073

13010                      7590                      12/26/2018  
The Law Office of Patrick F. O'Reilly III, LLC  
1509 Lafayette Drive  
Columbus, OH 43220-3869

EXAMINER
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POINVIL, FRANTZY

ART UNIT	PAPER NUMBER
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3691

MAIL DATE	DELIVERY MODE
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12/26/2018

PAPER

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* RICHARD B. HIMMELSTEIN

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Appeal 2017-008750  
Application 14/542,615<sup>1</sup>  
Technology Center 3600

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Before, ANTON W. FETTING, JOSEPH A. FISCHETTI, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134(a) of the Examiner's final rejection of claims 1–20, which constitute all the claims pending in this application. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

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<sup>1</sup> Appellant identifies BarterSecurities, Inc. as the real party in interest. Br. 4.

## THE INVENTION

Appellant's claims relate to a computer-based website for bartering, exchanging or selling, (hereinafter referred to as bartering), items or securities. (Spec. ¶[0002]).

Claim 1 reproduced below, is representative of the subject matter on appeal.

1. A method for trading securities on a computer-based network, the method comprising:

providing, by the computer-based network, an ordering module, the ordering module storing a plurality of securities to trade and associated quantities thereof;

providing, by the computer-based network, a graphical user interface enabling a user to view their portfolio including a plurality of user-owned securities and associated quantities thereof;

receiving, by the computer-based network, a first order comprising one of the plurality of user owned securities to trade and associated quantity thereof;

posting, by a database module associated with the computer-based network, the first order into a database;

searching, by a matching engine associated with the computer-based network, the database for a second order matching the first order;

determining, by the computer-based network, if the first order can be traded with the second order at the current market price of the first order plus or minus a first value; and

completing, by the computer-based network, a trade comprising the first order and the second order and charging an appropriate fee.

## REFERENCES AND REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Lupien et al. (“Lupien”) US 5,950,177      Sept. 7, 1999

The following rejections are before us for review.

Claims 1–8, 10–17, and 19–20 stand rejected under pre-AIA 35 U.S.C. § 102 as being anticipated by of Lupien.

Claims 9 and 18 stand rejected under pre-AIA 35 U.S.C. § 103(a) as being unpatentable over Lupien.

Claims 1–20 stand rejected under 35 U.S.C. § 101 as being directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more.

## ANALYSIS

### 35 U.S.C. § 101 REJECTION

We affirm the rejection of claims 1–20 under 35 U.S.C. § 101.

Under 35 U.S.C. § 101, 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 an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

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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.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, 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 there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.” *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

In rejecting the pending claims under 35 U.S.C. § 101, the Examiner determined that the claims are directed “towards trading securities.” (Final

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Act. 7). The Examiner further found “[t]he claims as presented do not require any specialized computer apparatus, structures or components to achieve the end results.” *Id.* at 8. The Specification states:

It is an object of this application to provide an electronic bartering system for bartering items or securities including but not limited to, stock, cash (foreign or domestic currencies), web barter dollars, Himmelstein Options, CD's, bonds, notes, Option Put, Option Call, Commodities/Futures, Annuities, Muni Bond(s), Government Bonds, Funds, Strips (Zero Coupon Treasuries), Ginnie Mae(s), Fannie Mae(s), Freddie Mac(s), UIT (Unit Investment Trust), T-bills and any future created or defined security, commodity or commodity money. A Himmelstein Option is an agreement to barter items or securities with specific conditions for a settlement date (i.e. rights to acquire) to occur after a specified date and before a specified date.

Specification ¶ 7. Thus, we conclude and agree with the Examiner that the claims are directed to trading securities which is a fundamental economic practice. The patent-ineligible end of the spectrum includes fundamental economic practices, *Alice*, 134 S. Ct. at 2357.

Appellant argues,

While the Office correctly notes Applicant’s general recitation in the preamble, Applicant respectfully submits that the Office inappropriately evaluates only the gerunds (such as “posting,” “searching,” and “determining,” for example) without consideration of the claims as a whole including all recited limitations. As set forth in MPEP 2106, this second step requires the Office to establish the ‘broadest reasonable

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interpretation’ of the claims when evaluating eligibility under 35 USC § 101. In the present case, by considering only selected portions of the claims, the Office artificially arrives at an *unreasonably* broad interpretation of the claims.

(Appeal Br. 8).

We disagree with Appellant. Based on the record before us, we find that the Examiner did evaluate eligibility under 35 USC § 101 based on a consideration of the claims as a whole. We base this finding on the Examiner’s own statements that, “[i]t is to be noted that each claim as a whole, does not amount to significantly more than the abstract idea itself.” (Answer 10). “Each of the claims as a whole does not amount to significantly more than the abstract idea itself.” *Id.* at 11. “Each claim as a whole, does not amount to significantly more than the abstract idea itself.” (Final Act. 9). In addition, on pages 8–9, of the Answer, the Examiner lists all the limitations of claim 1, to conclude that, “[c]laim 1 is similar to the functions of organizing human activities such as creating a contractual relationship as was found in buySafe.” (Answer 9). We note that the Examiner’s excluding reference to “computer based network” items in his *Alice* step one analysis is not indicative of error because the point of the *Alice* step one analysis is generally to show that the claim operates as an abstraction absent the recitation of a device.

Appellant also argues,

All of claims 1-20 include the “significantly more” required to be patent eligible. Specifically, the claims recite that any securities trading is effected based on a determination by the

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computer that “the first order can be traded with the second order at the current market price of the first order plus or minus a first value,” a processing technique that was previously unknown before Applicant's invention.

(Appeal Br. 9).

We disagree with Appellant that the “processing technique” which Appellant says “was previously unknown before Applicant's invention” (Appeal Br. 9) is a technique which is directed to a technological improvement. Rather, we find that it is a technique directed to a securities trading industry technique. Nothing in the claims purports to improve computer functioning or “effect an improvement in any other technology or technical field.” *Alice*, 134 S. Ct. at 2359. Nor do claims solve a problem unique to the Internet. *See DDR Holdings*, 773 F.3d at 1257. We fail to find that the claims focus on a specific means or method that improves the relevant technology, but instead are directed to a result or effect of trading management 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). Also, as to Appellant’s assertion that its “processing technique was previously unknown”, we note that a claim for a new abstract idea is still an abstract idea.” *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (citing *Mayo*, 566 U.S. at 90).

35 U.S.C. § 102 (b) REJECTION

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Each of independent claims 1 and 12 require “determin[e...] if the first order can be traded with the second order at the current market price of the first order plus or minus a first value.”

The Examiner found concerning this limitation:

Lupien et al. inherently teach if the first order can be traded with the second order at the current market price of the first order plus or minus a first value because Lupien et al teach trading a maximum quantity (see column 6, lines 53-60) and a minimum and maximum buy/sell price. See column 5, lines 27-34 of Lupien et al.

(Answer 4).

Appellant argues,

The Office relies on Lupien at col. 6, lines 53-60 and col. 6, line 67 to column 7, line 13 as disclosing this element, but the cited portions disclose nothing about determining if two orders can be traded at a current market price of the first order plus or minus a first value. Consequently, Applicant submits that the disclosure of Lupien is clearly lacking the determining element, and Applicant’s invention is therefore distinguishable from the Lupien reference.

The first passage cited by the Office, Lupien at col. 6, lines 53-60, almost exclusively concerns quantities to be traded. Although not identified by the Office with respect to the “determining” element, the cited passage makes reference to an example user interface shown in FIG. 4. Even considering all of the information disclosed in FIG. 4 of Lupien, there is still no disclosure of the “determining” as claimed by Applicant; a “current market price” as claimed by Applicant; nor a range of “plus or minus a first value” as claimed by Applicant.

The Office actually admits that the cited portion of Lupien is different from Applicant's limitation when the Office

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characterizes the disclosure of Lupien as being merely “similar to” Applicant's limitation. Applicant submits that (1) a price range is certainly not the same as “the current market price of the first order plus or minus a first value”; and (2) a price range is dissimilar to Applicant's limitation in that Applicant's limitation envisions an equal distance either higher or lower than the current market price, and that limitation is not represented by Lupien's range.

(Appeal Br. 11–12)

We agree with Appellant. Our review of Lupien at column 6, lines 53–60 reveals that Lupien at best discloses “[a] Maximum Quantity indicator 26 allows the trader to set the maximum quantity to be traded.” Col. 6, ll. 57–58 (bold emphasis omitted). There is nothing in this section which discloses “the first order can be traded with the second order at the current market price of the first order plus or minus a first value.” Similarly, our review of Lupien at Column 5, lines 27–34 reveals the disclosure of only computing capabilities of the system by a “supercomputer that can perform matrix calculations at rates of multiple gigaflops, such as, for example with present technology, an IBM SP2 or an Intel PARAGON supercomputer”. *Id.* at Col. 5, ll. 32–35.

Nor is there anything in these passages which inherently meets the limitations cited above. When relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art. *See Ex parte Levy*, 17 USPQ2d 1461, 1464 (BPAI 1990). Under principles

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of inherency, when a reference is silent about an asserted inherent characteristic, it must be clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. *Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1268 (Fed. Cir. 1991). We are not persuaded that the silence in Lupien of the above noted limitation would be so recognized by persons of ordinary skill as to constitute a disclosure. Nor has the Examiner provided technical reasoning to support how the disclosed, “Maximum Quantity indicator 26 allows the trader to set the maximum quantity to be traded”, meets the claim limitation. Accordingly, we do not find that a *prima facie* case of anticipation of the claimed invention over Lupien has been established.

Since claims 2–8, 10, 11, 13–17, 19 and 20 depend from one of claims 1 and 12, and since we cannot sustain the anticipation rejection of claims 1 and 12, the anticipation rejection of claims 2–8, 10, 11, 13–17, and 19 likewise cannot be sustained.

Dependent claims 9 and 18 are rejected under 35 U.S.C. § 103(a) but the Examiner’s findings under this section of the statute does not remedy the deficiency noted above with the anticipation rejection. Therefore, we will not sustain the obvious rejection of claims 9 and 18.

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### CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1–20 under 35 U.S.C. § 101.

We conclude the Examiner did err in rejecting claims 1–8, 10–17 and 19–20 under 35 U.S.C. § 102(b).

We conclude the Examiner did err in rejecting claims 9 and 18 under 35 U.S.C. § 103(a).

### DECISION

The decision of the Examiner to reject claims 1–20 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