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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ROBERT W. KOCHER

Appeal 2017-008968
Application 13/588,880¹
Technology Center 3600

Before LARRY J. HUME, JASON J. CHUNG, and
JOHN D. HAMANN, *Administrative Patent Judges*.

CHUNG, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) of the Final Rejection of claims 33–47. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

INVENTION

The invention allows an online investor or stockbroker to enter a single transaction order, which will execute an automatic sequenced transaction strategy for buying and selling a security for a predefined profit. Spec. ¶ 12.

¹ According to Appellant, Tradelock, LLC is the real party in interest. App. Br. 2.

Claim 33 is illustrative of the invention and is reproduced below:

33. A system for performing a series of automated securities trades, comprising:

a customer interaction module that interacts with a plurality of customers over a network where each customer can place one or more electronic customer trading orders, each electronic customer trading order comprising a name of a securities, an initial buy price, an initial buy quantity, a profit increment, a number of cycles and an authorization to indicate whether electronic securities orders are authorized to be placed;

an order management module, connected to the customer interaction module, that receives each of the electronic customer trading orders, and repeating for the number of cycles by creating a first electronic securities order and a second electronic securities order based on each electronic customer trading order, a buy price of the first electronic securities order and each successive first electronic securities order being created from the initial buy price and a number of cycles completed, a sell price of the second securities order and each successive second securities order being created from the buy price of the corresponding first securities order and the profit increment; and

an authorization management module, connected to the order management module, that (i) transmits, when the authorization is valid, the first electronic securities order, (ii) transmits, when the authorization is valid, the second electronic securities order to a securities exchange, and (iii) when the number of cycles has not been completed and when the authorization is valid, transmitting each successive first electronic securities order, and (iii) when the number of cycles has not been completed and when the authorization is valid transmitting each successive second electronic securities order to the securities exchange.

REJECTIONS AT ISSUE

Claims 33–47 stand rejected under 35 U.S.C. § 101 as being directed to a judicial exception to patentable subject matter. Final Act. 2–11.

Claims 33–42 stand rejected under 35 U.S.C. § 101 as being directed to a disembodied data structure. Final Act. 11–12.

Claims 33–47 stand rejected under 35 U.S.C. § 112, second paragraph as being indefinite for failing to particularly point out and distinctly claim the subject matter for which the applicant regards as the invention. Final Act. 12–13.

We have only considered those arguments that Appellant actually raised in the Briefs. Arguments Appellant could have made, but chose not to make, in the Briefs have not been considered and are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

ANALYSIS

35 U.S.C. § 112, second paragraph: Claims 33–47

Appellant presents no arguments pertaining to the Examiner’s indefiniteness rejection of claims 33–47. App. Br. 6. Instead, Appellant states this rejection is “not discussed herein.” *Id.* Accordingly, we summarily sustain this rejection. *See* 37 C.F.R. § 41.39(a)(1).

35 U.S.C. § 101: Claims 33–42 as being directed to a disembodied data structure

Appellant presents no arguments pertaining to the Examiner’s § 101 rejection as being directed to a disembodied data structure. App. Br. 11–12. Instead, Appellant states “that this rejection be tabled at this time based on future correction.” *Id.* at 12. Accordingly, we summarily sustain this rejection. *See* 37 C.F.R. § 41.39(a)(1).

35 U.S.C. § 101: Claims 33–47 as being directed to a judicial exception to patentable subject matter

The Examiner concludes, and we agree, independent claims 33–47 fall into one of the four statutory categories of invention. Final Act. 3. Further, the Examiner concludes the claims are directed to the abstract idea of fundamental economic practices. Final Act. 6–8. And the Examiner concludes the claims are directed to the abstract idea of mathematical relationships. *Id.* at 5–8. The Examiner also concludes the claims do not amount to significantly more than an abstract idea because the additional elements other than the abstract idea is a generic computer that performs generic computer functions that are well-understood, routine, and conventional functions previously known to the industry. *Id.* at 9–10.

Appellant argues the claims cannot be performed in the human mind or by a human using pen and paper because of the limitation “electronic” recited throughout the claims. App. Br. 7–8. Also, Appellant argues there is no evidence or prior art to support the notion that the claims recite an abstract idea of fundamental economic practices that predates the filing date of 2001. *Id.* at 8–9; Reply Br. 1–2. Additionally, Appellant argues the claims amount to significantly more than an abstract idea because a new system shown in Figure 5 of Appellant’s Specification illustrate the improvement over Figure 4² of Appellant’s Specification; the improvement removing the need for a person to sit in front of a computer and place trades when the opportunity arises by automating the process of buying and selling securities. App. Br. 9–11. Moreover, Appellant argues the claims do not

² In the event of further prosecution, the Examiner should considering requiring Appellant to file a new Figure 4 labeled as “Prior Art.”

preempt every way of placing a buy-sell order for securities on an electronic exchange because the old system in Figure 4 of Appellant’s Specification could still be used. *Id.* at 11. We disagree with Appellant.

Following the decision in *Alice Corp.*, (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 82–84 (2012)), we analyze claims where the abstract idea judicial exception to the categories of statutory subject matter is at issue using the following two-part analysis set forth in *Mayo*: 1) determine whether the claim is directed to an abstract idea; and 2) if an abstract idea is present in the claim, determine whether any element, or combination of elements, in the claim is sufficient to ensure that the claim amounts to significantly more than the abstract idea itself. *See Alice*, 134 S. Ct. at 2350.

As to the first part of the analysis, examples of abstract ideas referenced in *Alice* include: fundamental economic practices;³ certain methods of organizing human activities;⁴ “[a]n idea of itself”;⁵ and, mathematical relationships or formulas.⁶ Claims that include abstract ideas like these are examined under the second part of the analysis to determine whether the abstract idea has been applied in an eligible manner.

³ *Alice Corp.*, 134 S. Ct. at 2350: e.g., intermediated settlement, i.e., the use of a third party intermediary to mitigate settlement risk.

⁴ *Id.* at 2356: e.g., a series of steps instructing how to hedge risk (citing *Bilski*, 561 U.S. at 599).

⁵ *Id.* at 2355: e.g., a principle, an original cause, a motive (citing *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) and *Le Roy v. Tatham*, 14 How. 156, 175 (1852)).

⁶ *Id.* at 2350: e.g., a mathematical formula for computing alarm limits in a catalytic conversion process (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)), or a formula for converting binary-coded decimal numerals into pure binary form (*Benson*, 409 U.S. at 71–72).

As to the second part of the analysis, we consider the claim as a whole by considering all claim elements, both individually and in combination. *Id.* at 2355. Limitations referenced in *Alice* that may be enough to qualify as “significantly more” when recited in a claim with an abstract idea include, as non-limiting or non-exclusive examples: improvements to another technology or technical field;⁷ improvements to the functioning of the computer itself;⁸ and meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment.⁹ Limitations referenced in *Alice* that are not enough to qualify as “significantly more” when recited in a claim with an abstract idea include, as non-limiting or non-exclusive examples: adding the words “apply it” (or an equivalent) with an abstract idea;¹⁰ mere instructions to implement an abstract idea on a computer;¹¹ or requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.¹²

If there are no meaningful limitations in the claim that transform the abstract idea into a patent eligible application such that the claim amounts to

⁷ *Id.* at 2358: e.g., a mathematical formula applied in a specific rubber molding process (citing *Diamond v. Diehr*, 450 U.S. 175, 177–78 (1981)).

⁸ *Id.* at 2359.

⁹ *Id.* at 2360: noting that none of the hardware recited “offers a meaningful limitation beyond generally linking ‘the use of the [method] to a particular technological environment,’ that is, implementation via computers” (citing *Bilski*, 561 U.S. at 610–11).

¹⁰ *Id.* at 2357–58.

¹¹ *Id.*: e.g., simply implementing a mathematical principle on a physical machine, namely a computer (citing *Mayo*, 566 U.S. at 84–85).

¹² *Id.* at 2359: e.g., using a computer to obtain data, adjust account balances, and issue automated instructions.

significantly more than the abstract idea itself, the claim is directed to non-statutory subject matter under 35 U.S.C. § 101.

Step 1

On this record, we see no error in the Examiner's analysis and conclusion that claims 33–47 are directed to an abstract idea of fundamental economic practices and mathematical relationships. Final Act. 5–8.

The present claims are similar to the abstract idea of mathematical relationships in *Digitech Image Technologies, LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014). In *Digitech*, the Federal Circuit held claims directed to organizing and manipulating information through mathematical correlations are abstract. 758 F.3d at 1350–51. Similarly, the present claims are directed to executing an automatic algorithm through mathematical correlations for buying and selling a security for a predefined profit.

Regarding Appellant's arguments pertaining to an abstract idea of fundamental economic practices, to the extent that Appellant is arguing that any case law that we present must pre-date the 2001 priority date (App. Br. 8–9; Reply Br. 1–2), we disagree because Appellant is conflating providing prior art references that pre-date the 2001 priority date under §§ 102 and 103 with a later development of the case law under § 101.¹³ In addition, the present claims are similar to the abstract idea of fundamental economic practices in *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d

¹³ We have reviewed and considered the Inventor's Declaration included in the Evidence Appendix. Our rationale regarding the 2001 priority date also applies to the Declaration. In particular, our analysis applies to paragraph 5 of the Declaration.

1359 (Fed. Cir. 2015). In *OIP Technologies*, the Federal Circuit held that claims directed to offer based price optimization are abstract. 788 F.3d at 1363. Similarly, the present claims are directed to selling securities for a predefined profit.

As for Appellant’s argument that the claims are not a mental process (App. Br. 6–8), we disagree, and note automating a mental process and making trades does not make the claims patent eligible. *Bancorp Servs., LLC v. Sun Life Assurance Co.*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”).

Because claims 33–47 are directed to an abstract idea, we proceed to step (2) of the *Alice*, two-part test.

Step 2

On this record, we see no error in the Examiner’s analysis and conclusion that claims 33–47 are not directed to significantly more than an abstract idea of fundamental economic practices and mathematical relationships. Final Act. 9–10. We agree with the Examiner’s conclusion that the claims do not amount to significantly more than an abstract idea because the additional elements other than the abstract idea is a generic computer that performs generic computer functions that is well-understood, routine, and conventional previously known to the industry.¹⁴ *Alice* at 2359.

We disagree with Appellant’s argument that the claims amount to significantly more than an abstract idea because of an improvement over prior art by removing the need for a person to sit in front of a computer and

¹⁴ Paragraph 75 of Appellant’s Specification describes a generic computer as “individual computer workstations” that executes algorithms.

place trades when the opportunity arises (i.e., automating the process of buying and selling securities). App. Br. 9–11. *See Bancorp Servs.*, 687 F.3d at 1279, cited above.

Further, we disagree with Appellant’s preemption arguments. App. Br. 11. While preemption may denote patent ineligibility, its absence does not demonstrate patent eligibility. *See FairWarning, IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016). For claims covering a patent-ineligible concept, preemption concerns “are fully addressed and made moot” by an analysis under the *Mayo/Alice* framework. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Appellant does not separately argue dependent claims 34–42, 44, 45, and 47 with particularity, but assert the rejections of those claims should be withdrawn for at least the same reasons as argued in independent claims 33, 43, and 46. App. Br. 6–12. Accordingly, for the reasons stated *supra*, we sustain the Examiner’s rejection of: (1) independent claims 33, 43, and 46; and (2) dependent claims 34–42, 44, 45, and 47 under 35 U.S.C. § 101.

DECISION

We affirm the Examiner’s decision rejecting claims 33–47 under 35 U.S.C. § 101 as being directed to a judicial exception to patentable subject matter.

We summarily affirm the Examiner’s decision rejecting claims 33–42 under 35 U.S.C. § 101 as being directed to a disembodied data structure.

We summarily affirm the Examiner’s decision rejecting claims 33–47 under 35 U.S.C. § 112, second paragraph. Final Act. 12–13.

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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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED