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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JOSEPH TIERNEY MASTERS EMISON

Appeal 2017-009204
Application 14/185,215
Technology Center 3600

Before JUSTIN BUSCH, JOHN D. HAMANN, and JASON M. REPKO,
Administrative Patent Judges.

BUSCH, *Administrative Patent Judge.*

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant appeals from the Examiner’s decision to reject claims 1, 4, 7–10, 25, and 26, which constitute all the claims pending in this application. We have jurisdiction over the pending claims under 35 U.S.C. § 6(b). Claims 2, 3, 5, 6, and 11–24 were cancelled previously. *See* Final Act. 2; Adv. Act. 2 (mailed Dec. 23, 2016). We affirm.

CLAIMED SUBJECT MATTER

Appellant’s claimed invention relates to a “Computer-Implemented Method for Estimating the Condition or Insurance Risk of a Structure.”

Spec., Title. The claimed invention relates to using construction information (e.g., building permits, warranty records, and building material deliveries) of a properties to estimate a condition of a target property, which can be used to make sure the property is properly insured. Spec. ¶¶ 1, 3–4. Appellant’s alleged improvement is that additions and improvements to homes can be estimated based on the records without a subjective in-person inspection based on the appearance of the target property. Spec. ¶¶ 4–5. The claimed invention uses permit information and other documentation about the target and other properties to determine the condition of the target property. Spec. ¶¶ 7–12. Claims 1 and 25 are independent claims. Claim 1 is reproduced below:

1. A computer-implemented method for estimating a physical condition of a target structure, the method comprising:
 - identifying a target structure for which an estimated physical condition is desired;
 - identifying building permit data associated with the target structure from one or more query of a database, which database comprises building permit data for a plurality of structures, including the target structure;
 - estimating the physical condition of the target structure, using a computer program operably configured to model the estimated physical condition based on the following factors, each factor weighted according to a selected weight:
 - (i) a type of target property building permits;
 - (ii) a number of target property building permits over time;
 - (iii) a number of target property building permits relative to non-target property building permits over time;
 - (iv) aggregated costs for jobs permitted for a target property;

- (v) a cost of a job permitted for a target property relative to a cost of a job permitted for a non-target property; and
- (vi) a cost of a job permitted for a target property relative to the value of the target property.

REJECTION¹

Claims 1, 4, 7–10, 25, and 26 stand rejected under 35 U.S.C. § 101 as being directed to ineligible subject matter. Final Act. 3–5, 27–28.

ANALYSIS

We have reviewed the Examiner’s rejection in light of Appellant’s arguments that the Examiner erred. In reaching this decision, we have considered all evidence presented and all arguments Appellant made. Arguments Appellant could have made, but chose not to make in the Brief, are deemed waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Examiner concludes claims 1, 4, 7–10, 25, and 26 are directed to judicially excepted subject matter. Final Act. 3; Ans. 3–8. Appellant argues the § 101 rejection of all claims as a group. Br. 6–16.

STEP ONE OF *ALICE* FRAMEWORK

In step one of the *Alice* analysis, we “determine whether the claims at issue are directed to” a patent-ineligible concept, such as an abstract idea. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354–55 (2014). The Examiner determines the claims are directed to “transmitting information to assess value,” which is a fundamental economic practice that merely involves organizing information through mathematical correlation

¹ Claims 1, 4, 7–14, and 21–26 were rejected under 35 U.S.C. § 103. Final Act. 6–25. Appellant cancelled claims 11–24 after the Final Action. *See* Adv. Act. 2. In the Answer, the Examiner withdrew the previously pending 35 U.S.C. § 103 rejection. Ans. 2.

and steps for relating to receiving, recognizing, analyzing, and storing data. Final Act. 3 (citing *Digitech Image Techs., LLC v. Elecs. For Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Assoc.*, 776 F.3d 1343 (Fed. Cir. 2014)); Ans. 3–4, 6–8 (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1351–53 (Fed. Cir. 2016)). The Examiner determines “analyzing information by steps people go through in their minds, without more, are mental processes within the abstract-idea category,” even when the claims recite using “a computer or electronic device.” Ans. 4.

Appellant argues the claims are not directed to an abstract idea. Br. 8–9. Specifically, Appellant argues the claims “relate particularly to the physical condition of that structure” and “there is nothing abstract about an analysis of real property, the claims also involve calculation steps which together define a particular way of estimating/classifying the physical condition of the structure.” Br. 8–9. Appellant argues the mere presence of calculations does not render the claims as being *directed to* an abstract idea because “the subject of the claims remains focused on the physical condition of the structure.” Br. 9.

Appellant’s claims recite identifying and obtaining information from a database and using that information to determine other information (the condition of a target property). “Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter under section 101.” *Digitech*, 758 F.3d at 1350. The fact that the information being manipulated relates to a physical, tangible structure is not relevant to the question of whether Appellant’s claims are directed to an abstract idea because the claims themselves are not to the physical structure.

Moreover, whether something claimed is concrete or physical is not the test for determining whether claimed subject matter is judicially-excepted from patent-eligibility. If that were the case, claims to computers would necessarily be patent eligible. But that is not the case. *See Alice*, 134 S.Ct. at 2358–59 (explaining that a computer’s existence in the physical rather than conceptual realm is not relevant to the analysis).

We agree with the Examiner’s conclusions because claim 1 focuses on obtaining and analyzing information that merely involves mental steps. In particular, claim 1 recites obtaining information (a target structure and building permit data in claim 1 or a target structure and construction information and insurance loss and appraisal records in claim 25) and analyzing the obtained information (estimating the target property condition based on weight various information from the building permit data in claim 1 and classifying the target structure condition applying an algorithm based on the obtained construction, insurance loss, and appraisal information). Although claims 1 and 25 recite that the methods are “computer-implemented,” databases, and a computer program or a computer processor to estimate or classify the target property or structure, these elements do not change the character of the claims as a whole from being directed to an abstract idea.

The Federal Circuit has concluded similar concepts were directed to abstract ideas. Specifically, in *Electric Power*, the Federal Circuit concluded claims reciting a method of collecting data from various sources, “detecting and analyzing events” by identifying information in the received data, reporting the event analysis results and visualizations of measurements, aggregating the event analysis information, and providing a composite

indicator were directed to an abstract idea because the claims were directed to “collecting information, analyzing it, and displaying certain results of the collection and analysis.” *Elec. Power*, 830 F.3d at 1351–53. Appellant’s claim 1 similarly collects data from various sources (i.e., permit, construction, insurance loss, and appraisal databases or records) and analyzes the data (i.e., using the data to estimate or classify a target property or structure’s physical condition).

Moreover, limiting the particular data analyzed does not change the character of the claim. *See Elec. Power*, 830 F.3d at 1353 (stating that “collecting information, including when limited to particular content (which does not change its character as information)” is treated as “within the realm of abstract ideas”). Thus, the particular factors and their weightings that are used to estimate or classify the property’s condition do not change the character of the claims.

Furthermore, and despite the recitation of the various generic computer components (databases and a computer program or processor), the claims are *directed to* a process that can be done mentally or with pen and paper. The Federal Circuit has concluded mental processes, *even when performed by a computer*, are ineligible abstract ideas. Specifically, the Federal Circuit explained that “purely mental processes can be unpatentable, even when performed by a computer.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375–76 (Fed. Cir. 2011). The claims in *CyberSource* recited steps for verifying credit card transactions over the Internet. *CyberSource*, 654 F.3d at 1370. The Federal Circuit agreed with the district court that the claimed method “simply requires one to ‘obtain and compare intangible data pertinent to business risks.’” *CyberSource*, 654

F.3d at 1370 (quoting *CyberSource Corp. v. Retail Decisions, Inc.*, 620 F.Supp.2d 1068, 1078 (N.D. Cal. Mar. 27, 2009)). The Federal Circuit also determined a computer-implementation of essentially the same method claiming a mental process was ineligible. *CyberSource*, 654 F.3d at 1375 (“That purely mental processes can be unpatentable, even when performed by a computer, was precisely the holding of the Supreme Court in *Gottschalk v. Benson*.”).

Appellant also argues that, like the claims in *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), Appellant’s claims “amount to more than merely automating conventional methods” because Appellant’s claims “provide specific ways of estimating/classifying the physical condition of a structure” and “allow computers to produce accurate and reliable estimates of property condition without the need for an in-person evaluation.” Br. 14–15. Appellant argues the claimed use of specific factors to estimate the target property condition and consideration of non-target property information in claims 1 and 25 is a different and specific way of estimating property condition from what was previously done. Br. 11–15; *see also* Br. 16 (arguing the identified process is “a significant improvement to actuarial sciences” and a specific method that improves the relevant technology). Appellant compares the allegedly different and specific way of performing an estimate of a target property condition to *McRO*’s improvement to a technological process by incorporating rules that allowed automation of further tasks improve. Br. 15 (citing *McRO*, 837 F.3d. at 1314).

Appellant argues, because the claims here are like the *McRO* claims, they recite significantly more than the abstract idea. Appellants characterize

the argument as being under *Alice* step 2. Br. 15–16. However, as the Examiner points out, Ans. 4–5, the Federal Circuit determined the claims in *McRO* were not directed to an abstract idea and, therefore, did not reach step 2 of the *Alice* analysis.

Regardless, the Examiner determines Appellant’s claims are not like the claims found eligible in *McRO* because *McRO*’s claims were “eligible because the claimed solution focused upon the specific asserted technological improvement over existing, manual 3-D animation techniques.” Ans. 4. The Examiner determines that *McRO*’s invention was a technological solution to a technological problem but Appellant’s claims simply “provide a generically computer-implemented solution to a business-related or economic problem,” which merely uses computers as tools instead of claiming an improvement to computers. Ans. 5.

We agree with the Examiner that Appellant’s claims are not similar to the claims found eligible in *McRO*. Appellant does not persuasively argue why the claims’ recitation of particular calculations or factors are similar to *McRO*’s claims that were directed to an improved animation method that allowed a computer to perform a task it could not previously perform. Rather, as discussed above, we determine Appellant’s claims are more similar to the claims found ineligible by the Federal Circuit in, for example, *Electric Power* and *CyberSource*.

Thus, we determine the Examiner did not err in concluding that Appellant’s claims are directed to an abstract idea and, thus, we turn to step 2 of the *Alice* analysis.

STEP TWO OF *ALICE* FRAMEWORK

In step two of our *Alice* analysis, we determine whether the *additional* limitations, when considered both “individually and ‘as an ordered combination’” contain an “inventive concept” sufficient to transform the claimed “abstract idea” into a patent-eligible application. *Alice*, 134 S. Ct. at 2355–58.

The Examiner finds the databases and computer program or processor are simply generic computing components performing their basic functions of retrieving and processing data and the computer component limitations merely amount to implementing the abstract idea on a computer and limiting the abstract idea to a particular field without adding significantly more to the abstract idea. Final Act. 4; Ans. 4–5. The Examiner states that, unlike the claims in *DDR*, Appellant’s claims do not include an inventive technique for displaying information or any unconventional components. Ans. 4 (citing Spec. ¶ 182). The Examiner also determines the elements, taken individually and in combination, do not improve another technology, technical field or a computer itself. Final Act. 4–5. The Examiner finds the alleged new features (using the particular recited factors and data) simply involve analyzing information via mental steps, which is part of the abstract idea itself. Ans. 4.

Thus, the Examiner concludes the only limitations recited in *addition* to the abstract idea are extra-solution data gathering and generic computer components, which do not add an inventive concept sufficient to transform the claimed abstract idea into a patent eligible application of that idea.

Appellant argues claims 1 and 25 recite an inventive concept that adds significantly more to the abstract idea and renders the claimed subject matter patent eligible. Br. 9–16.

Specifically, Appellant argues the claims “provide a mathematical solution for estimating or classifying the physical condition of a structure,” whereas conventional techniques prior to Appellant’s invention involved a subjective, in-person, evaluation of the appearance and age of the target property’s features (e.g., roof and improvements made to the property) and did not consider non-target properties. Br. 10–11. Appellant argues the claimed analysis of the target property, on the other hand, involves calculations based on information from building permits, construction information, and insurance loss and appraisal records relating to both the target property and non-target properties. Br. 11–13.

Appellant argues the claims are unlike the concepts previously found ineligible by the Federal Circuit relating to hedging, intermediated settlement, performing well-known demand curve calculations, and implementing known practices in a new environment. Br. 13–14 (citing *Bilski v. Kappos*, 561 U.S. 593, 611 (2010); *Alice*, 134 S. Ct. at 2354–55; *OIP Techs. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1094–95 (Fed. Cir. 2016) (citing *Alice*, 134 S. Ct. at 2356–58)).

Appellant’s arguments are unavailing. Appellant’s claims are different than the eligible claims in *DDR* because obtaining permit, construction, insurance loss, and appraisal data and determining a condition of a target property is an improvement to a *business functionality* or process, not a technical field.

Moreover, an inventive concept “cannot be furnished by the unpatentable law of nature (or natural phenomenon or abstract idea) itself.” *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1376 (Fed. Cir. 2016); *see also Alice*, 134 S. Ct. at 2355 (explaining that, after determining a claim is directed to a judicial exception, “we then ask, ‘[w]hat else is there in the claims before us?’” (emphasis added, brackets in original) (quoting *Mayo*, 566 U.S. at 78)). Instead, an “inventive concept” is furnished by an element or combination of elements that is recited in the claim *in addition to* the judicial exception and sufficient to ensure the claim as a whole amounts to significantly more than the judicial exception itself. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 566 U.S. at 72–73); *see BSG Tech LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (explaining that the Supreme Court in *Alice* “only assessed whether the claim limitations *other than the invention’s use of the ineligible concept* to which it was directed were well-understood, routine and conventional,” (emphasis added)).

On the other hand, “[i]f a claim’s only ‘inventive concept’ is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a patent-eligible application of an abstract idea.” *BSG Tech*, 899 F.3d at 1290–91 (citing *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1370 (Fed. Cir. 2018)). “[I]t is irrelevant whether [the claimed abstract idea] may have been non-routine or unconventional as a factual matter . . . narrowing or reformulating an abstract idea does not add ‘significantly more’ to it.” *BSG Tech*, 899 F.3d at 1291.

We agree with the Examiner that only *additional* components recited in the claims are the generic and generically recited computing components, which are insufficient to transform the claimed abstract idea into patent-eligible subject matter. *See Alice*, 134 S. Ct. at 2358–59; *see also Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016) (noting that components such as an “interface,” “network,” and “database” are generic computer components that do not satisfy the inventive concept requirement); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (“That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive.”). That is, the claims invoke computers merely as a tool to implement the abstract idea for obtaining and analyzing information in a particular way. *See BSG Tech*, 899 F.3d at 1286.

Simply using a generic computer to automate a process does not confer eligibility onto an otherwise abstract idea because it does not improve a computer or technology, but rather improves the process itself. *See Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (explaining that the claimed steps could easily “be carried out in existing computers long in use, no new machinery being necessary”); *CyberSource*, 654 F.3d at 1375–76 (explaining that “purely mental processes can be unpatentable, even when performed by a computer”); *see also Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015) (“[O]ur precedent is clear that merely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea.”). Thus, the claims’ recitation of databases and a computer

processor or program neither changes the claims' character (as discussed above) nor confers patent-eligibility.

Moreover, Appellants do not contend any of the recited components provide an inventive concept. Nor does Appellant contend the estimating and classifying steps must be performed by a computer processor or program—i.e., Appellant does not dispute these steps could be performed mentally.

Thus, the claimed limitations, considered both individually and together, do not add significantly more to the abstract idea and, therefore, do not render the subject matter patent eligible.

PREEMPTION

Appellant argues the claims “do not preempt the traditional approaches to solving the estimating/classifying problem and would not preempt approaches that use a different combination of factors.” Br. 16. The Examiner notes that “the absence of complete preemption does not demonstrate patent eligibility, or make the idea less abstract.” Ans. 5–6 (citing *OIP Techs.*, 788 F.3d at 1362–63).

The Examiner is correct that preemption is not determinative of eligibility; preemption is not a standalone test. To the extent Appellant's claims do not preempt all traditional approaches of estimating or classifying using different factors, we disagree that this demonstrates patent eligibility in this case.

Appellant's claims limit the identified abstract idea only by limiting the particular information used to estimate or classify the target property. Moreover, although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility

. . . . Where a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see also OIP Techs.*, 788 F.3d at 1362–63 (“And [the fact] that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do[es] not make them any less abstract.”).

SUMMARY

For the above reasons, Appellants have not persuaded us the Examiner erred in rejecting claims 1, 4, 7–10, 25, and 26 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

DECISION

The Examiner’s decision to reject claims 1–3, 5–7, 10, 11, 13–15, 18, 19, and 21–27 is affirmed. *See* 37 C.F.R. § 41.50(a)(1).

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