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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CHERYLL LURTZ
and
SHERYL ROWLING

Appeal 2017-009278
Application 13/670,310
Technology Center 3600

Before CARLA M. KRIVAK, HUNG H. BUI, and JON M. JURGOVAN, *Administrative Patent Judges*.

KRIVAK, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants[1] appeal under 35 U.S.C. § 134(a) from a final rejection of claims 1–24, which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

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[1] The Appeal Brief identifies Morningstar, Inc. as the real party in interest (App. Br. 1).

STATEMENT OF THE CASE

Appellants' invention is directed to a "portfolio management analysis system and method" by which "out-of-bound accounts can be easily identified and rebalanced" (Title (capitalization altered); Abstract).

Claims 1, 7, 13, and 19 are independent. Independent claim 1, reproduced below, is exemplary of the subject matter on appeal.

> 1. A portfolio management analysis system, comprising:
>
> an analysis unit, wherein the analysis unit comprises at least a computer processor which, when executed, performs a method, the method comprising;
>
> storing a plurality of sets of portfolio data, each set representing portfolio data for a client of a user and having a plurality of classes of investments, a plurality of values for each investment in each class, a plurality of subclasses of investments, a plurality of values for each investment in each subclass, a target value for each class, and a target value for each subclass;
>
> calculating one or more change indicators for each set of portfolio data for each client, wherein each change indicator is one of an out of balance indicator for each class and subclass of investment, a cash need indicator, a cash to invest indicator, and a tax loss harvesting opportunity indicator; and
>
> generating, by the processor of the analysis unit, a user interface that displays, simultaneously, the one or more change indicators for each of the clients of the user.

REJECTION

The Examiner rejected claims 1–24 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

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*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (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 these concepts" (*Alice*, 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," such as an abstract idea (*id.*). 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). 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 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)). If the claims are not directed to 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 the additional elements 'transform the nature of the claim' into a

patent-eligible application" (*Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 79, 78)).

Alice/Mayo—Step 1 (Abstract Idea)

Turning to the first step of the *Alice/Mayo* analysis, the Examiner determines claims 1, 7, 13, and 19 are directed to "[a]nalyzing a portfolio . . . [which is] a business process" (Ans. 3). The Examiner also finds claims 1, 7, 13, and 19 are directed to "a portfolio management analysis system, which is . . . an abstract idea because it is similar to the examples identified by the courts of collecting information, analyzing it, and displaying certain results of the collection and analysis" (Ans. 2–3 (citing *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016); *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013); *Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada (U.S.)*, 687 F.3d 1266 (Fed. Cir. 2012)); Final Act. 4–5 (citing *SmartGene, Inc. v. Advanced Biological Labs., SA*, 852 F. Supp.2d 42 (D.D.C. 2012), *aff'd* 555 F. App'x 950 (Fed. Cir. 2014); *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 F. App'x 988 (Fed. Cir. 2014); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343 (Fed. Cir. 2014))).

Appellants argue claims 1–24 together (App. Br. 5, 10–13). We select claim 1 as representative. Claims 2–24 stand or fall with claim 1 (*see* 37 C.F.R. § 41.37(c)(1)(iv)).

Appellants contend the Examiner erred in rejecting the claims, as the claims are patent eligible as "directed to improving an existing technological process (analyzing a portfolio) like the lip synchronization and facial expression control of animated characters in McRo" (App. Br. 11 (citing

McRO, Inc. v. Bandai Namco Games America Inc., 837 F.3d 1299 (Fed. Cir. 2016))). Appellants also argue their claims, like the claims in *Enfish*, are not directed to an abstract idea (App. Br. 6–7, 10–11).

We are not persuaded by Appellants' arguments. Appellants' claims and Specification do not describe *technological process improvements* similar to *McRO* (Ans. 3–4). Particularly, the court determined that *McRO*'s claim was not directed to an abstract idea because it "uses the limited rules in a process specifically designed to achieve an improved technological result" over "existing, manual 3-D animation techniques"; in contrast, Appellants' claimed series of steps in claim 1 address a business problem of identifying and viewing financial portfolios that require transactions (*see McRO*, 837 F.3d 1299, 1316; Ans. 3; Spec. 5:18–19, Abstract). Appellants' claim 1 merely requires calculating and displaying one "change indicator," such as "a cash need indicator" identifying a need for additional cash in clients' portfolios (*see* claim 1's "calculating one or more change indicators for each set of portfolio data for each client, wherein each change indicator is one" from a list of indicators; *see also* Spec. 9:4–5, 9:25–10:4). We are not persuaded that Appellants' generated "change indicators . . . are [a] technical element that is [an] improvement in computer functioning" (*see* Reply Br. 1).

Additionally, the claims in *McRO* were drawn to improvements in the operation of a computer performing a task, rather than applying a computer system to perform known data storing, processing, and displaying steps (e.g., store sets of portfolio data, calculate one or more change indicators for each set, and generate a user interface simultaneously displaying the one or more change indicators as in Appellants' claim 1) (*see McRO*, 837 F.3d at 1314).

Particularly, *McRO*'s claims and Specification employ "rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence" to "achieve an improved technological result" (*see McRO*, 837 F.3d at 1310, 1316). *McRO*'s improved technological result allows "computers to produce 'accurate and realistic lip synchronization and facial expressions in animated characters' that previously could only be produced by human animators" (*see McRO*, 837 F.3d at 1313). Appellants have not demonstrated their claimed calculating and displaying cash needs of multiple client portfolios "allow the automation of further tasks previous[ly] unable to be automated and in fact performed by a human being just like the *McRO* animation" (*see* Reply Br. 2).

We also find Appellants' reliance on *Enfish* unavailing (App. Br. 6–7, 10–11). No technological advance is evident in Appellants' claims, and Appellants have not provided evidence that their claims "improve the way a computer stores and retrieves data in memory," as the claims in *Enfish* did via a "self-referential table for a computer database" (*see Enfish*, 822 F.3d at 1336–37, 1339). Additionally, Appellants' Specification does not describe how the claimed portfolio management analysis system effects specific improvements to the computer processor, store unit, and user interface, or to the way such systems operate (Ans. 3–4; *see Enfish*, 822 F.3d at 1336).

In fact, none of the steps and elements recited in Appellants' claims provide, and nowhere in Appellants' Specification can we find, any description or explanation as to how the claimed portfolio management analysis system and method are intended to provide: (1) a "solution . . . necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks," as explained by the

Federal Circuit in *DDR Holdings, LLC, v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014); (2) "a specific improvement to the way computers operate," as explained in *Enfish*, 822 F.3d at 1336; or (3) an "unconventional technological solution . . . to a technological problem" that "improve[s] the performance of the system itself," as explained in *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300, 1302 (Fed. Cir. 2016).

Rather, Appellants' claims are directed to a business process similar to fundamental economic practices identified in *Alice* and *Bilski* (Ans. 3) (*see Alice*, 134 S. Ct. at 2356–57 (intermediated settlement of traded or exchanged financial obligations); and *Bilski v. Kappos*, 561 U.S. 593, 599, 611 (2010) (risk hedging during consumer transactions)). Appellants' claim 1 claims an improvement to a business process where computers are invoked merely as a tool, which qualifies as an abstract idea (Ans. 3–4) (*see Bancorp*, 687 F.3d at 1278 ("the fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter."); and *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016) ("While the claimed system and method certainly purport to accelerate the process of analyzing audit log data, the speed increase comes from the capabilities of a general-purpose computer, rather than the patented method itself.")). We also agree with the Examiner that the claims are directed to collecting, analyzing, and displaying information—an abstract idea similar to data gathering and manipulation techniques previously identified by the courts (Ans. 2–3; Final Act. 4–5) (*see Content Extraction*, 776 F.3d at 1347–48 (finding "[t]he concept of data collection, recognition, and storage is undisputedly well-known," and "humans have always performed these

functions"); *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014) (employing mathematical algorithms to manipulate existing information); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1367, 1370 (Fed. Cir. 2015) ("tracking financial transactions to determine whether they exceed a pre-set spending limit" and notifying a user when a spending limit is reached, is an abstract idea); and *Electric Power Grp.*, 830 F.3d at 1353–54 (collecting information and "analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, [are] essentially mental processes within the abstract-idea category")).

Accordingly, we agree with the Examiner claims 1, 7, 13, and 19 are directed to an abstract idea.

Alice/Mayo—Step 2 (Inventive Concept)

Appellants also argue their "claims are directed to significantly more than any alleged abstract idea" because "like *Bascom*, the present claims are a particular ordered arrangement of elements . . . that are a technical improvement[] over the prior art ways of portfolio management" (App. Br. 10, 12 (citing *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016))).

We disagree. *Bascom's* patent-eligible ordered combination of claim limitations contain an "inventive concept [that] harnesses [a] technical feature of network technology in a filtering system by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP [Internet Service Provider] server," thus "improv[ing] the performance of the computer system itself" with a "technology-based solution . . . to filter content on the Internet that

overcomes existing problems with other Internet filtering systems" (*see Bascom,* 827 F.3d at 1350–52). Appellants' claims and Specification do not identify a specific improvement to computer technology or computer operation effected by the claims (Ans. 4). For example, Appellants' Specification does not describe how the claimed "calculating one or more change indicators for each set of portfolio data for each client" and "generating, by the processor of the analysis unit, a user interface that displays, simultaneously, the one or more change indicators for each of the clients of the user" would improve computer technology or the computer's operation (Ans. 4).

Appellants also argue their "claims have indicia of being directed to significantly more" because "the claims receive[] data about the portfolio . . . and transform[] that data into one or more change indicators. . . . [e]ach of the change indicators is a different state" (App. Br. 12–13). Appellants additionally assert "the claims exhibit interactivity (interaction with a user via the user interface for the change indicators) that further shows that the claims are significantly more than any abstract idea" (App. Br. 13).

We remain unpersuaded as the claims merely recite "calculating, storing, and displaying data [which] are generic computer functions being performed by generic components (a processor)" (Final Act. 3; Ans. 5–6; *see* Spec. 5:1–5) (*see Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014) ("[a]dding routine additional steps such as updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet does not transform an otherwise abstract idea into patent-eligible subject matter.")). "[T]he use of generic computer elements like a microprocessor or user interface" to

perform conventional computer functions "do not alone transform an otherwise abstract idea into patent-eligible subject matter" (*FairWarning*, 839 F.3d at 1096 (citing *DDR Holdings*, 773 F.3d at 1256)). As discussed *supra*, we are also not persuaded the claimed "calculating one or more change indicators" is more than generic data manipulation previously identified by the courts as an abstract idea.

Further, with respect to Appellants' preemption argument (App. Br. 11), we note the *McRO* court explicitly "recognized that 'the absence of complete preemption does not demonstrate patent eligibility'" (*see McRO*, 837 F.3d at 1315 (quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015))). "Where a patent's claims are deemed only to disclose patent ineligible subject matter" under the *Alice/Mayo* framework, "preemption concerns are fully addressed and made moot" (*Ariosa*, 788 F.3d at 1379).

Accordingly, claims 1, 7, 13, and 19, when considered "both individually and 'as an ordered combination,'" amount to nothing more than an attempt to patent the abstract idea embodied in the steps of the claims (*see Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78)).

Because we agree with the Examiner's analysis and find Appellants' arguments insufficient to show error, we sustain the Examiner's § 101 rejection of independent claims 1, 7, 13, and 19, and dependent claims 2–6, 8–12, 14–18, and 20–24, for which no separate arguments are provided.

DECISION

The Examiner's decision rejecting claims 1–24 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