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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAMES FINI

Appeal 2017-009460
Application 13/495,635
Technology Center 3600

Before CARL W. WHITEHEAD JR., JEFFREY S. SMITH and
JOHN R. KENNY, *Administrative Patent Judges*.

WHITEHEAD JR., *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant is appealing the final rejection of claims 1–3 and 23–31 under 35 U.S.C. § 134(a). Appeal Brief 1. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

Introduction

The invention is directed to “systems and methods for property insurance underwriting and claims.” Specification, paragraph 2.

Illustrative Claim

1. A workflow system for assembling a spending amount of a predicted inventory of property present in a consumer's home, the system comprising:

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a database for storing data for a plurality of consumers, the data comprising, for each consumer, (i) categories of personal property typically found in homes, (ii) a geographic location of the consumer's home, and (iii) demographic characteristics of the consumer;

a segregation module operable to:

access a bulk source of consumer spending data for personal property; and segregate the spending data based on the categories of personal property, the demographic characteristics and the geographic location;

an aggregate lifetime spending determination module using data from the segregation module, wherein the aggregate lifetime spending determination module is operable to:

determine an inception date corresponding to when the consumer became an adult;

compute an amount of time since the inception date; and

compile an aggregate lifetime spending amount for at least one category of property based on the segregated spending data and the amount of time since the inception date, wherein a depletion module applies to the aggregate lifetime spending amount at least one depletion factor indicative of an average property retention duration for the at least one category of property.

Rejection on Appeal

Claims 1–3 and 23–31 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory subject matter. Answer 2-6.

ANALYSIS

Rather than reiterate the arguments of Appellant and the Examiner, we refer to the Appeal Brief (filed August 22, 2016), the Reply Brief (filed June 27, 2017), the Answer (mailed October 25, 2016) and the Final Action (mailed December 23, 2015) for the respective details.

35 U.S.C. § 101 Rejection

The Supreme Court has set forth an analytical “framework 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. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71-73 (2012)). In the first step of the analysis, we determine whether the claims at issue are “directed to” a judicial exception, such as an abstract idea. *Alice*, 134 S. Ct. at 2355. If not, the inquiry ends. *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343, 1346 (Fed. Cir. 2017); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). If the claims are determined to be directed to an abstract idea, then we consider under step two whether the claims contain an “inventive concept” sufficient to “transform the nature of the claim into a patent-eligible application.” *Alice*, 134 S. Ct. at 2355 (quotations and citation omitted).

Noting that the two stages involve “overlapping scrutiny of the content of the claims,” the Federal Circuit has described “the first-stage inquiry” as “looking at the ‘focus’ of the claims, their ‘character as a whole,’” and “the second-stage inquiry (where reached)” as “looking more precisely at what the claim elements add--specifically, whether, in the Supreme Court’s terms, they identify an ‘inventive concept’ in the application of the ineligible matter to which (by assumption at stage two) the claim is directed.” *Electric Power Grp, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). In considering whether a claim is directed to an abstract idea, we acknowledge, as did the Court 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: (1) whether the claims focus on a specific means or method that improves the relevant technology, or (2) are directed to a result or effect that itself is the abstract idea, in which the claims merely invoke generic processes and machinery. *See Enfish*, 822 F.3d at 1336.

Step One: Whether the Claims Are Directed to a Patent-Ineligible Concept (Abstract Idea)

Appellant contends, “the alleged abstract idea identified by the Examiner is simply incorrect” and “Although the preamble of independent claim 1, for example, recites, ‘[a] workflow system for assembling a spending amount of a predicted inventory of property present in a consumer’s home,’ the claims feature a plurality of interrelated technical operations conducted in a specific manner.” Appeal Brief 11. Appellant argues, “[T]he Examiner provides no evidence to establish that ‘predicting the value of personal property’ is a fundamental economic practice as asserted” and “submits that the Examiner has failed to establish *a prima facie* case of unpatentability under 35 U.S.C. § 101.” Appeal Brief 11.

The Federal Circuit has repeatedly noted that “the prima facie case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The court has, thus, held that the Office carries its procedural burden of establishing a prima facie case when its rejection satisfies the requirements of 35 U.S.C. § 132 by notifying the applicant of the reasons for rejection, “together with such information and references as may be useful in judging of the propriety of

continuing the prosecution of [the] application.” *See In re Jung*, 637 F.3d 1356, 1362 (Fed. Cir. 2011).

All that is required of the Office is that it set forth the statutory basis of the rejection in a sufficiently articulate and informative manner as to meet the notice requirement of § 132. *Id.*; *see also Chester v. Miller*, 906 F.2d 1574, 1578 (Fed. Cir. 1990) (noting that section 132 “is violated when a rejection is so uninformative that it prevents the applicant from recognizing and seeking to counter the grounds for rejection”).

Appellant argues, “[T]he pending claims provide methods and systems that are markedly different than current business practices” and “The lack of prior art rejections of the claims evidences that the claimed subject matter is not even present in the prior art, let alone in longstanding or fundamental business practices.” Reply Brief 2.

As the Federal Circuit has explained, a “claim for a *new* abstract idea is still an abstract idea.” *SAP Am., Inc. v. Investpic, LLC*, No. 2017-2081, 2018 WL 2207254, at *1 (Fed. Cir. May 15, 2018) (*quoting Synopsis, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016)). Even assuming the technique claimed was “innovative, or even brilliant,” that would not be enough for the claimed abstract idea to be patent eligible. *See SAP America*, 2018 WL 2207254 at *1.

“Appellant submits that independent claims 1, 23, 26 and 29 are not directed to any long prevalent or fundamental economic practice such as that at issue *in Alice*” and “[t]o the contrary, and in accordance with the Federal Circuit’s holding in *DDR Holdings*, the claimed invention cannot be directed to such an economic practice since it is ‘necessarily rooted in computer

technology in order to overcome a problem specifically arising in the realm of computer networks.” Appeal Brief 13 (footnotes omitted). Appellant contends, “as explained in the Specification, embodiments of the present invention provide systems and methods for facilitating accurate valuation of the contents/inventory of a residence or business based on characteristics of the household or business using computer components” and “In the home-related embodiments recited in independent claim 1, data is assembled for the consumer and a bulk source of spending data is segregated based on categories of personal property, demographic characteristics of the consumer, and the geographic location of the consumer.” Appeal Brief 14. Appellant surmises that “to accomplish all of these [claimed] functions, a specialized computer system is needed” and “Consequently, embodiments of the invention address a problem rooted in computer technology, i.e., inability of existing computer systems to accurately and quickly assemble a spending amount of predicted inventory, and the solution to that problem is rooted in computer technology.” Appeal Brief 14.

Despite characterizing the claimed invention as using computer technology to overcome a problem specific to the operation of a computer or a computer network per se, Appellant does not present sufficient persuasive evidence or argument that the claims are directed to an improvement specific to a computer network or the Internet *itself*. See *Elec. Power*, 830 F.3d at 1354 (“[T]he focus of the claims is not on such an improvement in computers as tools, but on certain independently abstract ideas that use computers as tools.”) We find Appellant’s claims are distinguished from those claims that our reviewing court has found to be patent eligible by virtue of reciting technological improvements to a computer system. See,

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e.g., *DDR Holdings*, 773 F.3d at 1249, 1257 (holding that claims reciting computer processor for serving “composite web page” were patent eligible because “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks”); *Enfish*, 822 F.3d at 1338 (holding that claims directed to a self-referential table for a computer database were patent eligible because the claims were directed to an improvement in the functioning of a computer); *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1259 (Fed. Cir. 2017) (holding that claims directed to “an improved computer memory system” having many benefits were patent eligible).

Appellant contends, “[T]hat claims 1, 23, 26 and 29 are not directed to a method of organizing human activities, let alone one that can be characterized as an abstract idea.” Appeal Brief 15. Appellant further contends, “independent claims 1, 23, 26 and 29 are analogous to the claims at issue in *PNC Bank* as they also recite a fundamental transformation of data” and “In particular, as recited in independent claim 1, for example, a bulk source of consumer spending data is segregated and an aggregate lifetime spending amount is compiled based on the segregated spending data, an inception date and at least one depletion factor.” Appeal Brief 15. Appellant contends, “Similar limitations are recited in claims 23, 26 and 29.” Appeal Brief 15.

It follows from prior Supreme Court cases, and *Bilski* (*Bilski v Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of insurance is a fundamental economic practice long prevalent in our system of commerce. The use of insurance is also a building block of ingenuity in

risk management. Thus, insurance, like hedging, is an “abstract idea” beyond the scope of §101. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of insurance at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2357.

Further, claims reciting nothing more than data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093-94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data retrieval, analysis, and generation and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314-15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 1, as well as, claims 23, 26 and 29 are directed to the abstract idea of receiving, analyzing, and generating data.

We agree with the Examiner’s finding that at step one of the *Alice* analysis, the claims are directed to one or more abstract ideas, we turn to the second step of the *Alice* analysis, in which we must determine whether the

additional elements of the claims transform them into patent-eligible subject matter.

Step Two: Whether Additional Elements Transform the Idea into Patent-Eligible Subject Matter

Appellant contends, “As evidenced by this application’s prosecution history, numerous limitations beyond the alleged abstract idea are not present in the cited prior art, so those limitations clearly constitute ‘significantly more’ than the alleged abstract idea.” Appeal Brief 18. Appellant further contends, “Further, the claims can be considered to effect a transformation of a particular article to a different state, i.e., ‘segregating the spending data based on the categories of personal property, the demographic characteristics and the geographic location’ as recited in claim 23, for example.” Appeal Brief 18. Appellant argues, “[T]hat the claims perform functions that involve a specialized computer system and address a problem rooted in computer technology” and “embodiments of the invention address the inability of existing computer systems to accurately and quickly assemble a spending amount of predicted inventory that is specific to a particular policyholder.” Reply Brief 4.

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to receive, analyze, modify, and generate data amounts to electronic data query and retrieval--one of the most basic functions of a computer. All of these computer functions are well-understood, routine,

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conventional activities previously known to the industry. *See Elec. Power Grp. v. Alstom S.A., supra.* See also *In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) (“Absent a possible narrower construction of the terms ‘processing,’ ‘receiving,’ and ‘storing,’ . . . those functions can be achieved by any general purpose computer without special programming”). In short, each step does no more than require a generic computer to perform generic computer functions. As to the data operated upon, “even if a process of collecting and analyzing information is ‘limited to particular content’ or a particular ‘source,’ that limitation does not make the collection and analysis other than abstract.” *SAP Am. Inc. v. InvestPic LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018) (citation omitted).

Accordingly, we are not persuaded the Examiner erred and sustain the Examiner’s 35 U.S.C. §101 rejection of claims 1–3 and 23–31.

DECISION

The Examiner’s 35 U.S.C. § 101 rejection of claims 1–3 and 23–31 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). *See* 37 C.F.R. § 1.136(a)(1)(v).

AFFIRMED