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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

EX PARTE PAUL A. BAUERSCHMIDT, ARI L. STUDNITZER,
WILLIAM J. ALBERT, PAUL J. CALLAWAY, JAMES W. FARRELL,
and A. SHANTHI THIRUTHUVA DOSS

Appeal 2017-009662
Application 11/601,489¹
Technology Center 3600

Before ST. JOHN COURTENAY III, LARRY J. HUME, and
JOYCE CRAIG, *Administrative Patent Judges*.

CRAIG, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1–30, which are all of the claims pending in this application. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellants, the real party in interest is Chicago Mercantile Exchange, Inc. App. Br. 2.

INVENTION

Appellants' application relates to "detection of intra-firm matching and response thereto." Title. Claim 1 is illustrative of the appealed subject matter and reads as follows:

1. A computer implemented method of matching an incoming first order received from a first trading entity with a second order previously received from a second trading entity, the method comprising:

receiving the first order from the first trading entity subsequent to receipt of the second order from the second trading entity, the second order having not previously been completely satisfied prior to receipt of the first order; and

prior to determining that any unsatisfied remainder of the first order is at least partially counter to another order received subsequent to the first order:

establishing, by an order processor, that the first order is at least partially counter to the second order;

identifying, by an identity identifier, that the first trading entity is not permitted to transact with the second trading entity based on a relationship there between; and

preventing, by the transaction processor, the first and second orders from matching with each other when the first order is at least partially counter to the second order and the first trading entity is identified as being related to the second trading entity and determining that the first order is at least partially counter to at least one other order previously received from another trading entity to which the first entity is identified as being permitted to transact and, based thereon, executing a trade between the first order and the determined at least one other order, and making any unsatisfied remainder of the first order available to match against orders at least partially counter thereto subsequently received from other trading entities to which the first trading entity is identified as being permitted to transact.

REJECTIONS²

Claims 1–30 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception to patentable subject matter, without significantly more. Final Act. 2.

Claims 1–3, 5, 8, 9, 15–17, 19, 22, 23, 29 and 30 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Satow et al. (US 2004/0024691 A1; Feb. 5, 2004) (“Satow”). Final Act. 4–7.

Claims 4, 6, 7, 10–12, 14, 18, 20, 21, 24–26, and 28 stand rejected under 35 U.S.C. § 103(a) as unpatentable over the combination of Satow and Sweeting (US 2006/0218071 A1; Sept. 28, 2006). Final Act. 7–9.

Claims 13 and 27 stand rejected under 35 U.S.C. § 103(a) as unpatentable over the combination of Satow, Sweeting, and Turbeville et al. (US 2004/0024692 A1; Feb. 5, 2004) (“Turbeville”). Final Act. 9–10.

ANALYSIS

Rejection of Claims 1–30 under 35 U.S.C. § 101

Appellants contend the Examiner erred in concluding the claims are directed to an abstract idea without significantly more, and argue the claims provide a specific implementation which prevents undesirable matching between transactions submitted by the same entity, while allowing matching of transactions submitted by different entities. App. Br. 6.

In determining whether a claim falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court's two-step framework, described in *Mayo* and *Alice*. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs.*

² In an Advisory Action dated October 14, 2016, the Examiner withdrew the rejection of claims 1–14 under 35 U.S.C. § 112, second paragraph.

v. Prometheus Labs., Inc., 566 U.S. 66, 76–77 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356.

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.* (internal quotations and citation omitted).

Claims involving sending and receiving communications over a computer network to facilitate online commercial transactions are directed to an abstract idea. *BuySAFE, Inc., v. Google, Inc.*, 765 F.3d 1350, 1351–52 (Fed. Cir. 2014) (holding that “sending and receiving communications over a computer network to facilitate online commercial transactions” are an abstract idea).

In step one of the *Alice* analysis, the Examiner concluded claims 1–30 are directed to a fundamental economic practice (i.e. matching orders) and, thus, an abstract idea. Final Act. 2. Appellants contend the Examiner oversimplified the claims and erred because the claims do not relate to matching orders, but instead to automatically and selectively allowing or preventing matching under certain conditions. App. Br. 6–7.

We are not persuaded of error. We agree with the Examiner’s legal conclusion that all claims on appeal are directed to the abstract idea of matching orders, which is a fundamental economic practice. Ans. 9. We

agree with the Examiner that, even if the claimed invention is directed to a specific application that “automatically and selectively prevents or allows matching under certain conditions,” the claimed invention is still directed to the abstract idea of “matching orders.” *See* Ans. 9.

Appellants further contend that the claimed invention improves a technical field, specifically “data and transaction processing.” App. Br. 6.

Again, we are not persuaded. The claimed invention does not improve the computer itself. Nor does the claimed invention add to the functionality of the computer beyond what is routine and conventional. *See* Ans. 10. As the Examiner explained, the conditional execution of a computer function is a routine and conventional computerized activity and, specifically, conditional processing of an order by a computer is a routine and conventional computerized activity in financial markets. *Id.* at 11.

Regarding Appellants additional argument that the claims do not preempt all the “all implementations of trade matching or prevention of self-matching” (App. Br. 6), we note that “while preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); *see Fairwarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1098 (Fed. Cir. 2016) (“the absence of complete preemption does not demonstrate patent eligibility”). Moreover, questions of preemption are inherent in and resolved by the *Alice* § 101 analysis. *See Ariosa*, 788 F.3d at 1379.

For these reasons, we are not persuaded the Examiner erred in concluding claim 1 is directed to an abstract idea.

Turning to step two of the *Alice* analysis, we are, likewise, not persuaded by Appellants' arguments that the identity identifier and transaction processor are additional elements that provide "something more." App. Br. 8–9 (citing *McRo, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1315 (Fed. Cir. 2016)).

As the Examiner explained, the *McRO* court determined that the claimed invention recited a computer system utilizing specific rules that "enabled the automation of specific animation tasks that previously could not be automated." Ans. 12. The Examiner further explained that determination allowed the court to classify the claimed invention in *McRO* as an improvement in an existing technological process (i.e. computer animation), "unlike *Alice* where a computer was merely used as a tool to perform an existing process." *Id.* In the instant case, we agree with the Examiner that the claimed invention does not improve a technological process by reciting specific rules to automate a process that otherwise could not be automated. Rather, like *Alice*, the claims use a computer and its existing capabilities as a tool to perform an existing process. *Id.*

Appellants further argue the claims are necessarily rooted in computer technology. App. Br. 9 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (2014)).

We disagree. The problem that the claimed invention is designed to overcome, reduction in redundancy and/or waste of transaction resources (*id.*), is not a problem specifically arising from the realm of computers. Rather, the problem is a standard business problem, not a technological one. *See* Ans. 13.

In considering the instant claims, we fail to see how any of the specific elements and steps recited in the claims add something “significantly more” to the abstract idea of “matching orders.” Accordingly, we sustain the Examiner’s § 101 rejection of claims 1–30.

*Rejection of Claims 1–3, 5, 8, 9, 15–17, 19, 22, 23, 29 and 30
under 35 U.S.C. § 103(a)*

With regard to claim 1, Appellants contend neither Satow nor Sweeting and Turbeville, the two prior art references cited in the other two § 103 rejections, teach the recited “preventing” limitation. App. Br. 17, 22. In particular, Appellants argue Satow does not teach or suggest rematching unsatisfied remainders of a first order. App. Br. 19. Appellants disagree with the Examiner’s assertion that “an equally reasonable interpretation of Satow is that the order associated with the rejected trade (i.e. rejected match) is stored to be matched later.” *Id.*, citing Final Act. 14–15.

The Examiner acknowledges Satow does not teach all of the features of the disputed “preventing” clause, as recited in claim 1. Final Act. 5. Nevertheless, the Examiner concludes it would have been obvious to one of ordinary skill in the art at the time of the invention was made to modify Satow accordingly. *Id.* We note the Examiner must provide sufficient “articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006).

The Examiner proffers that an artisan would have modified Satow by duplicating claim elements contained in Satow “(i.e. a first order, a first trading entity, a first iteration) to create additional claim elements (e.g. a third order, a third trading entity, a second iteration) wherein each additional claim element would serve the same function as the original claim element.”

Final Act. 5. However, based upon our review of the record, we find a preponderance of the evidence supports Appellants' contention: "the Examiner has not shown any motivation in Satow, implicit or otherwise, to modify the system of Satow to allow [a] rejected trade order to match against other orders as claimed by Appellants. This is impermissible wholesale reading of functionality into a reference based on impermissible hindsight." App. Br. 21.

Therefore, for essentially the same reasons argued by Appellants (App. Br. 19–21), we find: (1) the Examiner's suggested alternate interpretation of the Satow reference, and (2) the Examiner's proffered motivation to modify the Satow reference, are insufficient to establish that Satow teaches or suggests all of the features of the disputed "preventing" clause, as recited in claim 1. Accordingly, we do not sustain the 35 U.S.C. § 103(a) rejection of independent claim 1, or of independent claims 15, 29, and 30, which recite commensurate limitations, or of dependent claims 2, 3, 5, 8, 9, 16, 17, 19, 22, and 23, which stand with independent claims 1 and 15.

The Examiner's additional citations to Sweeting and Turbeville do not cure the argued deficiencies. App. Br. 22. Accordingly, for the same reasons argued by Appellants, we do not sustain the 35 U.S.C. § 103(a) rejections of dependent claims 4, 6, 7, 10–14, 18, 20, 21, and 24–28.

Accordingly, we reverse the remaining 35 U.S.C. § 103(a) rejections of claims 4, 6, 7, 10–14, 18, 20, 21, and 24–28.

DECISION

We affirm the Examiner's decision rejecting claims 1–30 as directed to patent-ineligible subject matter.

We reverse the Examiner's decision rejecting claims 1–30 for obviousness.

Because we affirm at least one ground of rejection with respect to each claim on appeal, the Examiner's decision rejecting claims 1–30 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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED