UNITED STATES PATENT AND TRADEMARK OFFICE

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13/359,035	01/26/2012	Dylan W. Huang	6153-053C	2809

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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Ex parte DYLAN W. HUANG and TODD TAYLOR

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Appeal 2017-010428[1]
Application 13/359,035[2]
Technology Center 3600

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Before BIBHU R. MOHANTY, NINA L. MEDLOCK, and
KENNETH G. SCHOPFER, *Administrative Patent Judges.*

MEDLOCK, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's final
rejection of claims 1–27. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

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[1] Our decision references Appellants' Appeal Brief ("App. Br.," filed
September 13, 2016) and Reply Brief ("Reply Br.," filed August 2, 2017),
and the Examiner's Answer ("Ans.," mailed June 2, 2017) and Final Office
Action ("Final Act.," mailed August 27, 2015).
[2] Appellants identify New York Life Insurance Company of New York,
New York as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellants' claimed invention "relates to the field of computerized methods and systems for financial planning, and more particularly, to computerized methods and systems for providing investment or retirement portfolio allocations among a plurality of financial investment vehicles" (Spec. ¶ 2).

Claims 1 and 15 are the independent claims on appeal. Claim 1, reproduced below, is illustrative of the claimed subject matter:

> 1. A computerized method for processing data between intercommunicating software in memory comprising:
> receiving, via a processor, investor-specified information, including investor factors, a subjective life expectancy of the investor, and a retirement objective value from a scale of preference between income risk and legacy potential, the investor factors including a withdrawal rate or income need;
> executing, via the processor, investment vehicle allocation software from a first memory causing the processor to combine a permutation of the investor factors with a plurality of asset and product combinations including a set of model portfolios for various risk tolerances, the plurality of asset and product combinations having various percentages of a total investment allocated between fixed annuities, variable annuities, and the set of model portfolios;
> executing, via the processor, simulation software from a second memory to facilitate intercommunication between the simulation software and the investment vehicle allocation software from the first memory to generate a solution space by simulating the combined permutation of the investor factors with the plurality of asset and product combinations from the investment vehicle allocation software from the first memory based on the subjective life expectancy, the solution space including median account balance plus death benefits at the subjective life expectancy and probability of assets remaining from the plurality of asset and product combinations for survival

of the investor at a time horizon beyond the subjective life expectancy;

storing, via the processor, the solution space into a database;

partitioning, via the processor, the solution space within the database into sections corresponding to a range of retirement objectives;

identifying via the processor, from a given section of the solution space within the database that corresponds to the retirement objective value, an optimal financial product combination for the investor in a given one of the plurality of asset and product combinations; and

transmitting, via the processor, instructions to one or more financial servers configured to process the instructions to perform operations based on the optimal financial production combination.

REJECTION

Claims 1–27 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

ANALYSIS

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: "[l]aws of nature, natural phenomena, and abstract ideas" are not patentable. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014).

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 (2012), "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.*, 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." *Id.* If the claims are not directed to a patent-ineligible concept, e.g., 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 there are additional elements that "'transform the nature of the claim' into a patent-eligible application." *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

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. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine "whether their character as a whole is directed to excluded subject matter." *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

In rejecting the pending claims under § 101, the Examiner determined that claims 1–27 are directed to "allocating assets among a plurality of financial products for an investment portfolio," which the Examiner determined is a fundamental economic practice, and, therefore, an abstract idea (Final Act. 4). The Examiner also determined that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception because "the claims do not include an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond

generally linking the use of an abstract idea to a particular technological environment" (*id.*).

Responding to Appellants' arguments in the Answer, the Examiner identifies the following "additional limitations" of claim 1:

> "investor-specified information, including investor factors, a subjective life expectancy of the investor, and a retirement objective value from a scale of preference between income risk and legacy potential, the investor factors including a withdrawal rate or income need";

> "combine a permutation of the investor factors with a plurality of asset and product combinations including a set of model portfolios for various risk tolerances, the plurality of asset and product combinations having various percentages of a total investment allocated between fixed annuities, variable annuities, and the set of model portfolios";

> "simulation software from a second memory to facilitate intercommunication between the simulation software and the investment vehicle allocation software from the first memory to generate a solution space by simulating the combined permutation of the investor factors with the plurality of asset and product combinations from the investment vehicle allocation software from the first memory based on the subjective life expectancy";

> "solution space including median account balance plus death benefits at the subjective life expectancy and probability of assets remaining from the plurality of asset and product combinations for survival of the investor at a time horizon beyond the subjective life expectancy";

> "partitioning, via the processor, the solution space within the database into sections corresponding to a range of retirement objectives"; [and]

> "process the instructions to perform operations based on the optimal financial production combination."

Ans. 22–23. And the Examiner concludes "[t]hese limitations comprise only a generic computer performing generic computer functions that do not impose meaningful limits on the claimed system/method" (*id.* at 23).

Since the Examiner's Answer was mailed, the Federal Circuit, addressing step two of the *Mayo/Alice* framework in *Berkheimer v. HP, Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), has held that the question of whether a claim element or combination of elements is well-understood, routine, and conventional to a skilled artisan in the relevant field is a question of fact. *Berkheimer*, 881 F.3d at 1368.

Shortly after the Federal Circuit issued its decision in *Berkheimer*, the USPTO issued an April 19, 2018 Memorandum to the Patent Examining Corps entitled, "Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)" (the "*Berkheimer* Memorandum"), [3] in which the Office revised the procedures set forth in Manual of Patent Examining Procedure ("MPEP") § 2106.07(a) (Formulating a Rejection For Lack of Subject Matter Eligibility) and MPEP § 2106.07(b) (Evaluating Applicant's Response). *Berkheimer* Memorandum 3. The Patent Examining Corps was, thus, instructed that "in a step 2B analysis [i.e., an analysis under step two of the *Mayo/Alice* framework], an additional element (or combination of elements) is not well-understood, routine or conventional unless the examiner finds and expressly supports a rejection in writing with one or more of" (1) a "citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the

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[3] Available at: https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.pdf.

well-understood, routine, conventional nature of the additional element(s)";
(2) a "citation to one or more of the court decisions discussed in MPEP §
2106.05(d)(II) as noting the well-understood, routine, conventional nature of
the additional element(s)"; (3) a "citation to a publication that demonstrates
the well-understood, routine, conventional nature of the additional
element(s)"; and (4) a "statement that the examiner is taking official notice
of the well-understood, routine, conventional nature of the additional
element(s)."

By merely summarily characterizing the identified "additional
elements" as comprising "only a generic computer performing generic
computer functions," the Examiner has failed to sufficiently establish that
these limitations are well-understood, routine, and conventional to a skilled
artisan in the relevant field, i.e., that the claims fail to satisfy step two of the
Mayo/Alice framework.

Accordingly, based on the present record, we are constrained to
reverse the Examiner's rejection of claims 1–27 under 35 U.S.C. § 101.

DECISION

The Examiner's rejection of claims 1–27 under 35 U.S.C. § 101 is
reversed.

REVERSED