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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* JOSH MARGOLIS, LAWRENCE TREVOR GAGE,  
SCOTT HARTZELL, and ANDREW PRITCHARD<sup>1</sup>

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Appeal 2017-010574  
Application 14/578,806  
Technology Center 3600

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Before DAVID M. KOHUT, ERIC B. CHEN, and  
JOSEPH P. LENTIVECH, *Administrative Patent Judges*.

KOHUT, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants seek our review, under 35 U.S.C. § 134(a), of the Examiner's final rejection of claims 29–48. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> According to Appellants, the real party in interest is “CFPH, LLC.”  
App. Br. 2.

## INVENTION

The present invention creates a financial trust that includes investments having carbon footprints and a counterbalance of investments having carbon credits. Spec., Abst.; ¶¶ 76, 80, 98. Claim 29 is illustrative and reproduced below.

29. An apparatus comprising:

at least one processor; and

at least one memory storing instructions which, when executed by the at least one processor, direct the at least one processor to:

determine a first amount of carbon credit for neutralizing a carbon footprint of at least one financial instrument;  
and

generate a financial instrument determined to have a neutralized carbon footprint, in which the act of generating the financial instrument comprises:

based on the act of determining the first amount of carbon credit, causing to be purchased a second amount of carbon credit; and

causing the at least one financial instrument and the second amount of carbon credit to be stored in a trust.

## REJECTIONS

Claims 29–48 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Final Act. (Dec. 23, 2015) 5–7; Ans. (June 7, 2017) 3–7.

Claims 29, 47, and 48 are rejected on the ground of non-statutory obviousness-type double patenting as being unpatentable over claims 29, 46, and 48 of Margolis et al. (US 8,930,255 B2; Jan. 6, 2015 (hereinafter “Margolis”)). Final Act. 8–9; Ans. 2–3, 11.

35 U.S.C. § 101 REJECTION OF CLAIM 29

*Principles of Law*

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g.*, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Alice*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk.”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 191 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India

rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held that “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 176; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, . . . and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.” (emphasis omitted)).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* framework, where “we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (quoting *Mayo*, 566 U.S. at 77 (alterations in original)). “[M]erely

requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

Per recently published guidance regarding 35 U.S.C. § 101, we first look to whether the claim recites:

- (1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human interactions such as a fundamental economic practice, or mental processes); and
- (2) additional elements that integrate the judicial exception into a practical application (*see* Manual of Patent Examining Procedure (MPEP) § 2106.05(a)–(c), (e)–(h)).

*See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”).<sup>2</sup> Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or
- (4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

*See* Guidance.

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<sup>2</sup> Also available at <https://www.federalregister.gov/documents/2019/01/07/2018-28282/2019-revised-patent-subject-matter-eligibility-guidance>.

*Issue (1): Does claim 29 recite a judicial exception?*

The Examiner concludes the functional limitations of claim 29, i.e., all limitations recited after the “processor” and “memory” limitations, *in toto*, recite a similar abstract idea as described in *[b]uySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014). Ans. 5; Final Act. 7. In doing so, the Examiner specifies the functional limitations as:

determine a first amount of carbon credit for neutralizing a carbon footprint of at least one financial instrument; and generate a financial instrument determined to have a neutralized carbon footprint, in which the act of generating the financial instrument comprises: based on the act of determining the first amount of carbon credit, causing to be purchased a second amount of carbon credit; and causing the at least one financial instrument and the second amount of carbon credit to be stored in a trust.

Final Act. 7. The Examiner specifies the abstract idea as:

generating socially responsible investment trusts (i.e. financial instruments, see specification paragraph 76), which is similar to concepts found to be abstract by the Courts, such as: a fundamental economic practice (i.e. creating contractual relationships, *[b]uySAFE*); certain methods of organizing human activity (see also *[b]uySAFE*).

Ans. 5.

We agree with the Examiner’s determinations, principally in view of *buySAFE*’s following description of the addressed abstract idea:

The relevant Supreme Court cases are those which find an abstract idea in certain arrangements involving contractual relations, which are intangible entities. *Bilski* . . . involved a method of entering into contracts to hedge risk in commodity prices, and *Alice* involved methods and systems for “exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk,” *Alice*, [573 U.S. at 219]. More narrowly, the Court in both cases relied on the fact that the contractual relations at issue constituted “a

fundamental economic practice long prevalent in our system of commerce.” *Bilski*, 561 U.S. at 611 . . . ; *see Alice*, [573 U.S. at 219–21].

765 F.3d at 1353–54. As the Examiner finds, *buySAFE* describes (above) an abstract idea of contractually facilitating a fundamental economic practice.

Ans. 5. As the Examiner further finds, the functional limitations of claim 29 are each squarely directed to this concept (Final Act. 7)—namely by creating a financial trust (contract) to ensure a desired/planned management of investments (fundamental economic practice).<sup>3</sup>

Appellants argue that the Examiner fails to specify the limitations of claim 29 that recite an abstract idea. App. Br. 7–8. We are unpersuaded because the Examiner plainly and reasonably correlates *all* functional claim limitations—i.e., all but the claimed processor and memory themselves—to the abstract idea of contractually facilitating a fundamental economic practice. Ans. 5; Final Act. 7.

Appellants also argue that the record does not show a fundamental economic practice of *carbon-neutral* investing. Reply Br. 3 (“The claims of *[b]uySafe* . . . do not correspond to the carbon credit concept claimed in the instant application.”); *see also* App. Br. 9, 11, 15. We are unpersuaded because, as shown in *buySAFE*, a claim directed to contractually facilitating

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<sup>3</sup> Though this correlation of Appellants’ claimed invention to *buySAFE* is alone sufficient, we note to the additional similarities of the methods of *Bilski* and *Alice* as described by *buySAFE*. Both *Bilski*’s method and the claimed invention counterbalance an unwanted aspect of investments: *Bilski*’s method hedging risk; and the claimed invention offsetting carbon footprints. *See supra* 7 (block-quote of *buySAFE*). Both *Alice*’s method and the claimed invention use a third party to ensure agreed-upon performance: *Alice*’s method using an intermediary; and the claimed invention using a trustee. *Id.*

a fundamental economic practice is not rendered patent-eligible by merely restricting the contract to particular types of performance “themselves familiar.” 765 F.3d at 1354–55. Thus, claim 29 is not rendered patent-eligible by merely restricting the financial trust to a familiar type of investment activity—namely to socially responsible investing. Spec. ¶¶ 76–82 (describing carbon-neutral investing as one of many means of socially responsible investing).

*Issue (2): Does claim 29 recite additional elements that integrate the judicial exception into a practical application?*

Per our above analysis and as the Examiner finds, the additional elements of claim 29 are the processor and memory that store and execute the abstract idea (i.e., perform the functional limitations) as computer instructions. Ans. 6. As the Examiner further finds, the processor and memory are not otherwise described and thus constitute only a generic computer. *Id.* Implementing an abstract idea on a generic computer is, without more (i.e., such as here), not a practical application of the abstract idea. *See Alice*, 573 U.S. at 221–24; *see also* MPEP § 2106.05(f) (“Mere Instructions To Apply An Exception”).

Appellants argue claim 29 restricts the invention to a practical application of the abstract idea by reciting a “specific and narrow” embodiment of the invention, such that the claim does not preempt the concept of “generating investment trusts.” App. Br. 16. We are unpersuaded because, as discussed, the carbon-neutral investing of claim 29 (i.e., the “specific” embodiment) merely restricts the financial trust to a familiar type of investment activity. That is, the carbon-neutral investing

narrows the abstract idea. It does not narrow the implementation, much less narrow the implementation to a practical application of the abstract idea.

*Issues (3) and (4): Does claim 29 recite additional elements that are not well-understood, routine, or conventional (in the industry), or, simply append well-understood, routine, or conventional activities, at a high level of generality, to the judicial exception?*

The Examiner finds the additional elements of claim 29 are generic and accordingly can be read on conventional computer technology. Ans. 6–7. In support, the Examiner cites the Specification to show that a conventional processor and memory can implement the abstract idea. *Id.* at 6 (citing Spec. ¶¶ 54, 83).

We agree with the Examiner. As discussed, the additional elements of claim 29 are recited as a generic processor and memory. Furthermore, the Specification confirms that all of the claimed operations can be performed by conventional computer technology (Spec. ¶¶ 20, 50, 54, 60–61, 83), and even performed by a stand-alone personal computer (*id.* ¶¶ 60–61).

Appellants argue that the lack of a prior art rejection shows claim 29 recites significantly more than a fundamental economic practice (abstract idea) and its implementation by conventional means. App. Br. 13. As argued, a “pragmatic analysis of [35 U.S.C.] § 101 is facilitated by considerations analogous to those of §§ 102 and 103.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015). However, the search for an inventive concept (“significantly more”) must ensure a claim “in practice amounts to significantly more than . . . *the ineligible concept itself.*” *Alice*, 573 U.S. at 217–18 (quoting *Mayo*, 566 U.S. at 72–73) (brackets omitted; emphasis added); *see also SAP Am., Inc. v. Investpic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (“No matter how

much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas[.] . . . An advance of that nature is ineligible for patenting.”). For reasons discussed *supra*, any novelty of claim 29 lies *strictly* within the recited abstract idea (the functional limitations).

Appellants also argue: “Similar to the claims in *DDR Holdings[, LLC v. Hotels.com, L.P.]*, 773 F.3d 1245 (Fed. Cir. 2014)], the present claims solve a problem rooted in computer technology to improve the functionality of electronic trading systems[,] by enabling the creation of a carbon-neutral investment vehicle.” App. Br. 16. We are unpersuaded because the claims of *DDR Holdings* addressed a problem limited to Internet and website technologies. *DDR Holdings*, 773 F.3d at 1257. Therefore, the solution to that problem was *necessarily* rooted in technology. *Id.* Appellants have not shown, nor do we find, that *only technology can* address the present invention’s objective of creating a carbon-neutral investment vehicle.

#### *Conclusion*

For the foregoing reasons, Appellants have not apprised us of error in the rejection of claim 29 under 35 U.S.C. § 101. Accordingly, we sustain the rejection.

#### 35 U.S.C. § 101 REJECTION OF CLAIMS 30–48

The Examiner presents the same 35 U.S.C. § 101 rejection for claims 30–48, as presented for claim 29, because “independent claims 47 and 48 are similar in scope to claim 29” and the remaining “dependent claims do not correct the deficiencies.” Final Act. 7. Appellants argue only that the rejection fails to address claims individually. App. Br. 12–13. The

Examiner responds that the “Office Action [need not] contain a separate write-up for each individual claim” and “the write-up of [claim 29] represent[s] . . . how the claim(s) were analyzed.” Ans. 9.

We are unpersuaded by Appellants’ argument because it fails to rebut the Examiner’s position that a separate “write-up” is not needed for claims 30–48 (*id.*)—i.e., that the write-up for claim 29 is sufficient. Appellants do not show, for example, the write-up for claim 29 lacks notice under 35 U.S.C. § 132 for a particular feature of claims 30–48. *See In re Jung*, 637 F.3d 1356, 1363–1365 (Fed. Cir. 2011) (explaining the notice requirement). Appellants merely “note that each claim recites different subject matter” and “request that each claim be considered separately.” App. Br. 16–17. Appellants therefore only raise, at best, a *petitionable* issue of whether an office action must separately address each claim. *See Ex Parte Frye*, 94 USPQ2d 1072, 1077–78 (PTAB 2010) (“Petitionable Matters” section); 37 C.F.R. § 1.181(a)(1) (Petition from an examination requirement).

For the foregoing reasons, Appellants have not apprised us of error in the rejection of claims 30–48 under 35 U.S.C. § 101. Accordingly, we sustain the rejection.

OBVIOUSNESS-TYPE DOUBLE PATENTING REJECTION  
OF CLAIMS 29, 47, AND 48

The Examiner rejects claims 29, 47, and 48 “on the ground of nonstatutory double patenting as being unpatenable over claims 29, 46 and 48 of U.S. Patent No. 8,930,255 [Margolis].”<sup>4</sup> Final Act. 9; Ans. 3.

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<sup>4</sup> We note that Margolis does not contain claims 29, 46, and 48, as indicated by the Examiner (Final Act. 9; Ans. 3).

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Appellants request that this rejection “be held in abeyance until the application is otherwise in condition for allowance.” App. Br. 18. The Examiner, therefore, maintains the rejection in view of the request for abeyance. Ans. 11.

Accordingly, in view of the request for abeyance, we *pro forma* sustain the double patenting rejection of claims 29, 47, and 48.

#### DECISION

We affirm the Examiner’s decision rejecting claims 29–48.

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