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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DYLAN W. HUANG

Appeal 2017-010790¹
Application 13/693,477
Technology Center 3600

Before CARL W. WHITEHEAD JR., ADAM J. PYONIN, and
DAVID J. CUTITTA II, *Administrative Patent Judges*.

PYONIN, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a). We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ “The real party in interest is New York Life Insurance Company of New York, New York.” App. Br. 2.

STATEMENT OF THE CASE

Introduction

The Application is directed to “providing and administering deferred annuities with an annuity reset feature that provide periodic income payments to an annuitant for a term beginning at a start date.” Abstract. Claims 1–15 and 17–21 are pending; claims 1, 8, and 15 are independent. *See* App. Br. 10–15. Claim 1 is reproduced below for reference:

1. A computer implemented method for detecting data events for executing data operations on an annuity database, the method comprising:

monitoring, by a computing device communicatively coupled to the annuity database, an annuity in the annuity database to determine periodically, on reset dates, an income reset feature associated with the annuity is available for execution, the annuity provides periodic income payments to an annuitant, the periodic income payments calculated based on at least a present variable, the present variable stored in the annuity database, and the income reset feature is operable to reset the present variable to a reset variable, wherein the reset variable is based on data retrievable by the computing device from a publicly available data source;

retrieving, by the computing device, the present variable from the annuity database and comparing the present variable with the reset variable;

calculating, by the computing device, new periodic income payments based on the reset variable;

maintaining, by the computing device, the present variable in the annuity database on the reset dates when the new periodic income payments are not more beneficial to the annuitant than the periodic income payments;

resetting, by the computing device, the present variable on the reset dates when the new periodic income payments are more beneficial to the annuitant than the periodic income payments, wherein resetting the present variable includes changing the present variable in the annuity database to the reset variable and

setting the new periodic income payments as a floor of income payments that can be reset by additional resets of the reset variable; and

administering, by the computing device, the annuity based on the calculated new periodic income payments when the new periodic income payments are more beneficial to the annuitant than the periodic income payments.

The Rejection²

Claims 1–15 and 17–21 stand rejected under 35 U.S.C. § 101 as being patent ineligible. Final Act. 2.

ANALYSIS

We have reviewed the Examiner’s rejections in light of Appellant’s arguments. Arguments Appellant could have made but chose not to make are deemed to be waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Examiner determines the claims are patent ineligible under 35 U.S.C. § 101 because the claims are directed to an abstract idea comprising a fundamental economic practice or organizing human activity, and do not include additional elements that are sufficient to amount to significantly more than the abstract idea. Final Act. 4–8; Ans. 4–8; *see also Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (Describing the two-step framework “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.”).

² The Examiner has withdrawn the rejection of the claims under 35 U.S.C. § 112, second paragraph. *See* Advisory Act. 1.

After the mailing of the Answer and the filing of the Briefs in this case, the USPTO published revised guidance on the application of § 101. 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Memorandum”). Under the Memorandum, the Office first looks 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* MPEP § 2106.05(a)–(c), (e)–(h)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, does the Office then look to whether the claim:

- (3) adds a specific limitation beyond the judicial exception that are 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 Memorandum.

We are not persuaded the Examiner’s rejection is in error. We adopt the Examiner’s findings and conclusions as our own, and we add the following primarily for emphasis and clarification with respect to the Memorandum.

Independent Claim 1

Appellant argues the Examiner errs in determining the claims are directed to an abstract idea, because “[a]lthough the claims recite ‘an annuity’ and other terms associated with annuities, the presently claimed

invention does not claim an annuity itself.” Reply Br. 4. Appellant contends that, rather, “the claims recite a particular implementation of technical features of the presently claimed invention according to specific embodiments related to annuities.” *Id.*

We agree with the Examiner that claim 1 is directed to an abstract idea. *See* Final Act. 4. Claim 1 recites a method of “detecting data events for executing data operations on an annuity database,” including steps of monitoring, retrieving, calculating, and resetting data relating to the annuity, and also administering the annuity. *See* claim 1, *supra*. These steps comprise fundamental economic principles or practices and/or commercial or legal interactions; thus the claim recites the abstract idea of “certain methods of organizing human activity.” Memorandum, Section I (Groupings of Abstract Ideas); *see also* Spec. ¶¶ 5, 8 (“The annuity is offered with the reset feature to the annuitant. In at least one embodiment, the reset feature is provided as an optional rider to the annuity.”).³

³ *See also* *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea.”); *Alice*, 573 U.S. at 218 (“These claims are drawn to the abstract idea of intermediated settlement.”); *Buysafe, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims that “are squarely about creating a contractual relationship—a ‘transaction performance guaranty’” held as “directed to an abstract idea”); *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent eligible); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 687 F.3d 1266, 1277 (Fed. Cir. 2012) (determining a “‘method for managing a life insurance policy comprising’ seven steps” is abstract).

We are unpersuaded by Appellant’s arguments that the claims recite specific technical improvements (*see, e.g.*, Reply Br. 4–6) and “the presently claimed invention includes a signaling system that manages, commands, directs and regulates the behavior of other devices or systems based on certain conditions,” which “is an ordered combination of limitations sufficient to satisfy the eligibility requirements under *Alice*” (App. Br. 8). Claim 1 does not recite an additional element or elements that reflect an improvement in the functioning of a computer, or an improvement to other technology or technical field. *See* Ans. 13. Rather, the disputed limitations are part of the abstract idea itself, and serve at most to improve the potential financial returns and marketability to the annuitant. *See* Spec. ¶¶ 6–8, 24 (“The reset feature specifically addresses the concern that some individuals have of purchasing an annuity that locks them into terms at the time of purchase that may be less beneficial than terms available at a later time.”); *Alice*, 573 U.S. at 222 (“In holding that the process was patent ineligible, we rejected the argument that ‘implement[ing] a principle in some specific fashion’ will ‘automatically fal[l] within the patentable subject matter of § 101.’”) (quoting *Parker v. Flook*, 437 U.S. 584, 593(1978)).

Accordingly, we determine the claim does not integrate the judicial exception into a practical application. *See* Memorandum, Section III(A)(2) (Prong Two: If the Claim Recites a Judicial Exception, Evaluate Whether the Judicial Exception Is Integrated Into a Practical Application). Nor do we find the claim includes a specific limitation or a combination of elements that amounts to significantly more than the judicial exception itself. *See* Memorandum, Section III(B)(Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept); *see*

also Aatrix Software, Inc. v. Green Shades Software, Inc., 890 F.3d 1354, 1359 (Fed. Cir. 2018) (“the ‘inventive concept’ cannot be the abstract idea itself”). Other than the abstract idea itself, the remaining claim elements only recite generic computer components that are well-understood, routine, and conventional. *See* Ans. 12; Spec. ¶¶ 28, 33; *Alice*, 573 U.S. at 226.

Accordingly, we agree with the Examiner that claim 1 is patent ineligible. *See* Ans. 6–7.

Dependent Claim 14

Appellant argues “the Examiner fails to correctly identify the presently claimed invention,” as “[t]he present[ly] claimed invention does not recite an independent claim process 14 that recites ‘creating and using an evolving token.’” App. Br. 9; *see also* App. Br. 6. Appellant contends that, “[h]ence, the Examiner has not properly analyzed the elements of the present claims as recited.” *Id.*

We are not persuaded of reversible error in the Examiner’s rejection. The Final Action includes the statement “[t]he abstract idea of creating and using an evolving token.” Final Act. 7. This statement, however, occurs in the Examiner’s discussion regarding the “significantly more” step of the *Alice* framework, and is both preceded and followed by analysis appropriate for such step. *See* Final Act. 7–8. We find that, although the statement regarding the “token” appears to be inadvertently placed in the Office Action, it does not change the understanding of the Examiner’s rejection—as evidenced by Appellant’s arguments in the briefs and discussed above. Accordingly, we find the Examiner’s statement to be harmless error.

CONCLUSION

Accordingly, we sustain the Examiner's rejection of independent claim 1 and dependent claim 14 under 35 U.S.C. § 101. For the same reasons, we sustain the Examiner's rejection of independent claims 8 and 15, and the dependent claims, under 35 U.S.C. § 101. See Ans. 17.

DECISION

The Examiner's decision rejecting claims 1–15 and 17–21 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