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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* ROBERT CHARLES SHIER JR., ANDREW JACOB SHOURDS,  
and MICHAEL ROBERT SHUTE

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Appeal 2017-011168  
Application 13/032,415  
Technology Center 3600

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Before ST. JOHN COURTENAY III, JUSTIN BUSCH, and  
BETH Z. SHAW, *Administrative Patent Judges*.

COURTENAY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants<sup>1</sup> appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1–5, 7–13, 15–21, 23, and 24, which constitute all the claims pending in this application. Claims 6, 14, and 22 are cancelled.

We have jurisdiction over the pending claims 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 the Prudential Insurance Company. App. Br. 2.

## STATEMENT OF THE CASE

Embodiments of Appellants' invention relate "generally to financial instruments and more particularly to a financial instrument transferable from an employer to an employee." Spec. 1.

### *Exemplary Claim*

1. A method for administering a financial instrument, the method comprising:

storing a balance of an employee retirement plan account created for an employee and owned by an employer of the employee as an asset of the employer, the employee retirement plan account comprising one or more variable investments, the balance of the employee retirement plan account being based, at least in part, on an initial deposit into the employee retirement plan account from a deduction from wages paid by the employer to the employee;

storing a minimum positive growth rate;

updating the stored balance of the employee retirement plan account based on market performance of the one or more variable investments;

calculating, by one or more processor devices executing logic, a protected value, the calculated protected value being at least equal to the initial deposit into the employee retirement plan account growing at the stored minimum positive growth rate, wherein the calculated protected value represents a guaranteed positive rate of return regardless of market performance of the one or more variable investments; and

*upon occurrence of one or more of termination of the employment of the employee, retirement of the employee, restructuring of the employer, and receiving the employee's request to receive ownership of the employee retirement plan account, transferring ownership of the employee retirement plan account from the employer to the employee as an asset of the employee, wherein subsequent to or simultaneous to the transfer*

of ownership, a beneficiary designated by the employee is guaranteed to receive the beneficiary's choice of either:

a lump sum of money from the employee retirement plan account based on the updated stored balance of the employee retirement plan account, or

for the life of the employee or the beneficiary, periodic payments of an amount of money from the employee retirement plan account based on the higher of the updated stored balance of the employee retirement plan account or the calculated protected value.

App. Br. 11 (Claims Appendix) (Contested limitations emphasized).

*Rejections*

- A. Claims 1–5, 7–13, 15–21, 23, and 24 are rejected under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more. Final Act. 3–7.
- B. Claims 1–5, 7–13, 15–21, 23, and 24 are rejected under 35 U.S.C. § 101 on the ground of statutory double patenting. Final Act. 8–9.
- C. Claims 1–5, 7–13, 15–21, 23, and 24 are rejected under 35 U.S.C. § 103 as being obvious over the combined teachings and suggestions of Herr et al. (US 2007/0033124 A1, published February 8, 2007) (hereinafter “Herr”) in view of Stiff et al. (US 8,024,248 B2, issued September 20, 2011) (hereinafter “Stiff”). Final Act. 9–14.

*Issues on Appeal*

- A. Did the Examiner err in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more?
- B. Did the Examiner err in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 101, on the ground of statutory double patenting over the six commonly assigned patents and/or applications listed on page 8 of the Final Action?
- C. Did the Examiner err in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 103, as being obvious over the cited combination of Herr and Stiff?

ANALYSIS

We have considered all of Appellants’ arguments and any evidence presented. We highlight and address specific findings and arguments for emphasis in our analysis below.

*Rejection A under 35 U.S.C. § 101*

*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. 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 *Mayo*

and *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, 69 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diamond v. Diehr*, 450 U.S. 175, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 184 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1854))); 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 192 (“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.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* 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). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

*USPTO January 7, 2019 Revised Section 101 Memorandum*

The PTO recently published revised guidance on the application of § 101. *See* 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019 (“Memorandum”). *This new guidance is applied in this opinion.* Under the Memorandum guidance, 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 activity 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, 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, and conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

*The Examiner’s Rejection A under 35 U.S.C. § 101*

The Examiner concludes: Claims 1–5, 7–13, 15–21, 23, and 24 are directed to a judicial exception, i.e., “[t]he claims are directed to the abstract idea of creating financial contracts for retirement investment accounts.” Final Act. 3 (emphasis added).<sup>2</sup> The Examiner provides several case authorities in support:

The creation of a financial contractual relationship as recited in the claim is a commercial arrangement involving contractual relations similar to the fundamental economic practices, certain methods of organizing human activities, an idea of itself and mathematical relationships as found by the courts to be abstract ideas (e.g., hedging in *In re Bilski*, mitigating settlement risk in

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<sup>2</sup> “Patent eligibility under § 101 presents an issue of law.” *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340–41 (Fed. Cir. 2013).

*In re Alice*; managing an insurance policy (*Bancorp*); [<sup>3</sup>] comparing new and stored information and using rules to identify options (*SmartGene*); [<sup>4</sup>] *managing a stable value protected life insurance policy by performing calculations and manipulating the results (Bancorp).*

Final Act. 6.

The Examiner finds the claims do not include additional elements that amount to significantly more than the judicial exception, because:

The additional elements or combination of elements in the claims other than the abstract idea per se *amount to no more than mere instructions to implement the idea on a computer*. Viewed as a whole, these additional claim elements *do not provide meaningful limitations to transform the abstract idea into a patent eligible application of the abstract idea* such that the claims amount to significantly more than the abstract idea itself.

...

The claim as a whole, does not amount to significantly more than the abstract idea itself because: *the claim does not affect an improvement to another technology or technical field*; the claim

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<sup>3</sup> The Examiner is referring to *Bancorp Services, L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“the use of a computer in an otherwise patent-ineligible process for no more than its most basic function—making calculations or computations—fails to circumvent the prohibition against patenting abstract ideas and mental processes.”).

<sup>4</sup> The Examiner is referring to *SmartGene, Inc. v. Advanced Biological Laboratories, SA*, 555 F. App’x 950, 955 (Fed. Cir. 2014) (“Whatever the boundaries of the ‘abstract ideas’ category, the claim at issue here involves a mental process excluded from section 101: the mental steps of comparing new and stored information and using rules to identify medical options.”) In *SmartGene*, step (c) of *Advanced Biological Laboratories’* claim 1 recites: “generating in said computing device advisory information for one or more therapeutic treatment regimens in said ranked listing based on said patient information and said expert rules.” *Id.* at 952. (nonprecedential).

*does not amount to an improvement to the functioning of a computer itself; and, the claim does not move beyond a general link of an abstract idea to a particular technological environment.*

Final Act. 3–4 (emphasis added).

The Examiner further concludes:

The claim recites the additional elements of a processor executing logic to perform the calculating step. The memory device is recited at a high level of generality and only performs generic functions of storing data. *Generic computers performing generic computer functions, without an inventive concept, do not amount to significantly more than the abstract idea.* The type of information being manipulated does not impose meaningful limitations or render the idea less abstract. Looking at the elements as a combination does not add anything more than the elements analyzed individually. Therefore, the claim does not amount to significantly more than the abstract idea itself. The claim is not patent eligible.

Final Act. 7 (emphasis added).

For the aforementioned reasons, the Examiner concludes that claims 1–5, 7–13, 15–21, 23, and 24 are not patent eligible under 35 U.S.C. § 101.

**Under the revised USPTO January 7, 2019 Section 101 policy Memorandum we consider the following points of law:**

Memorandum (1): Are the claims directed to 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)?

Regarding Memorandum (1), our view is that the Examiner did not err in concluding that each of claims 1–5, 7–13, 15–21, 23, and 24 on appeal is directed at least to the abstract idea of “creating financial contracts for retirement investment accounts” (Final Act. 3), which we conclude is a certain method of organizing human behavior, i.e., a fundamental economic practice. We note the preamble of claim 1 is expressly directed to “[a] method for administering a financial instrument,” which reinforces our view that the claim considered as a whole is directed to a fundamental economic practice. To the extent Appellants advance arguments regarding *Alice* step one, which also fall under Memorandum (2) (covering MPEP §§ 2106.05(a)–(c) and (e)–(h)), we address these arguments *infra*.

#### *Relevant Argued Court Decisions*

We do not find persuasive Appellants’ attempt to analogize the claims to the subject claims considered by the court in *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016). App. Br. 7.

We note the subject claim considered by the *McRO* court concerned a method for automatically animating lip synchronization and facial expressions. *McRO*, 837 F.3d at 1303. The *McRO* court concluded the subject claims did not recite an abstract idea because the computer animation *improved* the prior art through the use of *rules*, rather than artists, to set morph weights and transitions between phonemes. *Id.* at 1308. Thus, the claimed invention in *McRO* allowed for computer performance of animation steps that previously had to be performed by human animators. *Id.* at 1309.

The subject claims in *McRO* used “limited *rules* in a process specifically designed to achieve an improved technological result” over “existing, manual 3-D animation techniques.” *Id.* at 1316 (emphasis added).

Here, Appellants claimed invention does not apply positively recited *rules, per se*. The invention under appeal merely adapts to a technological setting (e.g., comprising generic processor devices, processing modules, and/or memory devices) the broad concept of transferring ownership of an employee retirement account upon the occurrence of one or more of four recited conditions precedent. *See* independent claim 1, and independent claims 9 and 17, which recite similar language of commensurate scope.

Thus, it is our view that Appellants’ claims merely implement generic computer components to perform the recited functions. We emphasize that *McRO* (837 F.3d at 1312) also guides that “[t]he abstract idea exception prevents patenting a *result* where ‘it matters not by what process or machinery the result is accomplished.’” (Quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854). Emphasis added.

Regarding Appellants’ further arguments analogizing the claims before us on appeal to the subject claim in *Enfish* to (App. Br. 7–8), we note the *Enfish* court concluded “the claims at issue in this appeal are not directed to an abstract idea within the meaning of *Alice*. Rather, they are directed to a *specific improvement to the way computers operate*, embodied in the self-referential table.” *Enfish*, 822 F.3d at 1336 (emphasis added).

Thus, the *Enfish* court concluded the self-referential logical table was a specific type of data structure designed to *improve the way a computer stores and retrieves data in memory*. *Id.* at 1339. Because the analysis stops

if there is no abstract idea under *Alice* step 1, the *Enfish* court concluded the subject claims were patent eligible. *Id.*

Here, Appellants have not persuasively shown that any features of the claimed invention *improve* the way the recited generic computer components store and retrieve data in a manner analogous to that found by the court in *Enfish*. Moreover, Appellants' claims 1–5, 7–13, 15–21, 23, and 24 are silent regarding any mention of a database, much less a self-referential database table similar to the specific type of logical table arrangement the *Enfish* court found was designed to improve the way a computer stores and retrieves data in memory. *See Enfish*, 822 F.3d at 1336.

Therefore, we are not persuaded that Appellants' claimed invention improves the functionality or efficiency of the recited generic computer components, or otherwise changes the way the computer components function, at least in the sense contemplated by the Federal Circuit in *Enfish*.

Regarding Memorandum (2), and for the reasons which follow, we conclude that Appellants' claims 1–5, 7–13, 15–21, 23, and 24 do not integrate the judicial exception into **a practical application**. *See* MPEP §§ 2106.05(a)–(c) and (e)–(h). Applying the revised 101 Memorandum guidance, we address these “practical application” MPEP sections seriatim.

*MPEP § 2106.05(a) “Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field” [R-08.2017]*

This section of the MPEP guides: “In determining patent eligibility, examiners should consider whether the claim “purport(s) to improve the functioning of the computer itself” or “any other technology or technical field . . . While improvements were evaluated in *Alice Corp* as relevant to the search for an inventive concept (Step 2B), several decisions of the Federal Circuit have also evaluated this consideration when determining whether a claim was directed to an abstract idea (Step 2A).”

The MPEP instructs: “Thus, an examiner may evaluate whether a claim contains an improvement to the functioning of a computer or to any other technology or technical field **at Step 2A or Step 2B**, as well as when considering whether the claim has such self-evident eligibility that it qualifies for the streamlined analysis.” MPEP § 2106.05(a) (emphasis added).

Appellants urge: “the data processing system follows a specific set of steps to determine when to transfer ownership that *offers improvements over existing technology*. As a result, the claims are not directed to ‘creating financial contracts for retirement investment accounts.’” App. Br. 7.

We disagree, because claim 1 expressly recites: “storing a balance of an employee retirement plan account *created for* an employee . . . .” (emphasis added). Every employee retirement plan account comes with associated terms and conditions, which we find creates financial contracts for retirement investment accounts, i.e., a fundamental economic practice.

Appellants further contend that “even if the claims are directed to an abstract idea, the claims include[:.]”

significantly more than an abstract idea because the claims *improve a technology or technical field*. For example, the claims recite “upon occurrence of one or more of termination of the employment of the employee, retirement of the employee, restructuring of the employer, and receiving the employee's request to receive ownership of the employee retirement plan account, transfer ownership of the employee retirement plan account from the employer to the employee as an asset of the employee.” *This feature is an improvement over prior art data processing systems because prior art data processing systems did not transfer these accounts from employer to employee upon determination of termination of the employment of the employee, retirement of the employee, restructuring of the employer, and receiving the employee's request to receive ownership of the employee retirement plan account. Because the claimed data processing system includes additional, useful functionality that prior art data processing systems did not perform, the claimed feature improves a technology or technical field.*

App. Br. 8 (emphasis added).

However, the Supreme Court guides: “[t]he ‘novelty’ of any element or steps in a process, or even of the process itself, is of *no relevance* in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diehr*, 450 U.S. at 188–89 (emphasis added). Our reviewing court further emphasizes that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “even assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

In reviewing the record, we find the claims on appeal are *silent* regarding specific limitations directed to an *improved* computer system,

processor, memory, network, database, or Internet. Therefore, we find Appellants' claimed invention does not provide a solution "necessarily rooted in *computer technology* in order to overcome a problem specifically arising in the realm of computer networks," such as considered by the court in *DDR Holdings LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (emphasis added).

Further regarding the use of the recited generic computer, processor(s) and database, the Supreme Court has held "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice*, 134 S. Ct. at 2358. Our reviewing court provides additional guidance: *See FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) ("[T]he use of generic computer elements like a microprocessor or user interface do not alone transform an otherwise abstract idea into patent-eligible subject matter."); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (claims reciting, *inter alia*, sending messages over a network, gathering statistics, using a computerized system to automatically determine an estimated outcome, and presenting offers to potential customers found to merely recite "well-understood, routine conventional activities" by either requiring conventional computer activities or routine data-gathering steps (internal citation omitted)); *see also Elec. Power Grp.*, 830 F.3d at 1355 ("We have repeatedly held that such invocations of computers and networks that are not even arguably inventive are 'insufficient to pass the test of an inventive concept in the application' of an abstract idea." (quoting *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1353, 1355 (Fed. Cir. 2014))); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir.

2017) (“Rather, the claims recite both a generic computer element—a processor—and a series of generic computer ‘components’ that merely restate their individual functions . . . . That is to say, they merely describe the functions of the abstract idea itself, without particularity. This is simply not enough under step two.”).

*MPEP § 2106.05(b) Particular Machine [R-08.2017], and  
MPEP § 2106.05(c) Particular Transformation [R-08.2017]*

Further regarding Memorandum (2), Appellants contend: “A claim is not directed to an abstract idea if it recites *a physical process* such as *transforming data*.” App. Br. 7 (emphasis added).

At the outset, we note that the machine-or-transformation test is only applicable to method (process) claims 1–5, 7, and 8 on appeal.

Section 2106.05(c) of the MPEP guides: “Another consideration when determining whether a claim recites significantly more is whether the claim effects a transformation or reduction of a particular article to a different state or thing.” “[T]ransformation and reduction of an article ‘to a different state or thing’ is the clue to patentability of a process claim that does not include particular machines.” *Bilski v. Kappos*, 561 U.S. 593, 658 (2010) (quoting *Gottschalk v. Benson*, 409 U.S. 63, 70, 175 (1972)). If such a transformation exists, the claims are likely to be significantly more than any recited judicial exception. *Bilski* emphasizes that although the transformation of an *article* is an important clue, it is not a stand-alone test for eligibility. MPEP § 2106.05(c).

However, regarding the argued transformation of *data* (App Br. 7), our reviewing court guides: “[t]he mere manipulation or reorganization of

data, however, does not satisfy the transformation prong.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375 (Fed. Cir. 2011).

Therefore, we conclude method claim 1 fails to satisfy the transformation prong of the *Bilski* machine-or-transformation test. See MPEP § 2106.05(c) “Particular Transformation.”

Nor do Appellants argue that the method claims on appeal are tied to a particular machine. See MPEP § 2106.05(b) “Particular Machine.”

Arguments not made are waived. See 37 C.F.R. § 41.37(c)(1)(iv).

*MPEP § 2106.05(e) Other Meaningful Limitations [R-08.2017]*

This section of the MPEP guides:

*Diamond v. Diehr* provides an example of a claim that recited meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment. 450 U.S. 175, 209 USPQ 1 (1981). In *Diehr*, the claim was directed to the use of the Arrhenius equation (an abstract idea or law of nature) in an automated process for operating a rubber-molding press. 450 U.S. at 177-78, 209 USPQ at 4. The Court evaluated additional elements such as the steps of installing rubber in a press, closing the mold, constantly measuring the temperature in the mold, and automatically opening the press at the proper time, and found them to be meaningful because they sufficiently limited the use of the mathematical equation to the practical application of molding rubber products. 450 U.S. at 184, 187, 209 USPQ at 7, 8. In contrast, the claims in *Alice Corp. v. CLS Bank International* did not meaningfully limit the abstract idea of mitigating settlement risk. 573 U.S. 134 S. Ct. 2347, 110 USPQ2d 1976 (2014). In particular, the Court concluded that the additional elements such as the data processing system and communications controllers recited in the system claims did not meaningfully limit the abstract idea because they merely linked the use of the abstract idea to a particular technological

environment (i.e., “implementation via computers”) or were well-understood, routine, conventional activity.

MPEP § 2106.05(e).

Applying this reasoning here, and for essentially the same reasons set forth by the Examiner (Ans. 3 *et seq.*), we conclude Appellants’ claims do not add meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment. Thus, we agree with the Examiner’s legal conclusion “that there are *no meaningful limitations* in the claim that transform the judicial exception into a patent eligible application such that the claim amounts to significantly more than the judicial exception itself.” Ans. 3 (emphasis added).

*MPEP §2106.05(f) Mere Instructions To Apply An Exception [R-08.2017]*

For the reasons discussed above, we conclude Appellants’ claims invoke generic computer components merely as a tool in which the *computer instructions* apply the judicial exception (i.e., a fundamental economic practice) — “creating financial contracts for retirement investment accounts” (Final Act. 2), which we conclude is a certain method of organizing human behavior, i.e., a fundamental economic practice. We again note the preamble of claim 1 is expressly directed to “[a] method for administering a financial instrument,” which reinforces our view that the claim considered as a whole is directed to a fundamental economic practice.

*MPEP § 2106.05(g) Insignificant Extra-Solution Activity [R-08.2017]*

We conclude that “storing a balance of an employee retirement plan account created for an employee . . . the employee retirement plan account comprising one or more variable investments” (claim 1) is a step of data gathering. Data gathering, as performed by the steps or function in Appellants’ claims, is a classic example of insignificant extra-solution activity. *See, e.g., In re Bilski*, 545 F.3d 943, 963 (Fed. Cir. 2008) (en banc), *aff’d sub nom, Bilski v. Kappos*, 561 U.S. 593 (2010).

The Supreme Court guides that the “prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment’ or [by] adding ‘insignificant postsolution activity.’” *Bilski*, 561 U.S. at 610–11 (quoting *Diehr*, 450 U.S. at 191–92). On this record, we are of the view that Appellants’ claims do not operate the recited generic computer components in an unconventional manner to achieve an improvement in computer functionality.

*MPEP § 2106.05(h) Field of Use and Technological Environment [R-08.2017]*

“[T]he Supreme Court has stated that, even if a claim does not wholly preempt an abstract idea, it still will not be limited meaningfully if it contains only insignificant or token pre- or post-solution activity—such as *identifying a relevant audience, a category of use, field of use, or technological environment.*” *Ultramercial Inc. v. Hulu LLC*, 722 F.3d 1335, 1346 (Fed. Cir. 2013) (citations omitted) (emphasis added).

Applying this reasoning here, we agree with the Examiner that “[t]he claim as a whole, does not amount to significantly more than the abstract idea itself because: the claim does not affect an improvement *to another technology or technical field*; the claim does not amount to an improvement to the functioning of a computer itself; and, the claim does not move beyond a general link of an abstract idea to *a particular technological environment*.” Ans. 3. (emphasis added).

For at least the aforementioned reasons, we are not persuaded the Examiner erred in concluding that each of claims 1–5, 7–13, 15–21, 23, and 24 on appeal is directed at least to the abstract idea of “creating financial contracts for retirement investment accounts” (Final Act. 3), which we conclude is a fundamental economic practice, that could additionally be performed as mental steps.<sup>5</sup>

Accordingly, for the reasons discussed above, we conclude Appellants’ **claims do not include additional elements that integrate the judicial exception into a practical application** (*see* MPEP §§ 2106.05(a)–(c), (e)–(h), as discussed above).

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<sup>5</sup> Our reviewing court guides: “a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.” *CyberSource*, 654 F.3d at 1373. *See also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146–47 (Fed. Cir. 2016) (“While the Supreme Court has altered the § 101 analysis since *CyberSource* in cases like *Mayo* and *Alice*, we continue to ‘treat[] analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.’” (brackets in original) (quoting *Elec. Power Grp. LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016)).

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:

Memorandum (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**

Memorandum (4), simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

Here, the Examiner has provided in the record a list of computer functions and a corresponding list of case authorities to support the findings that the listed computer functions are well-understood, routine, and conventional (WURC) functions. Final Act. 19–20. We note the Examiner’s Final Action (June 13, 2016) was mailed before *Berkheimer v. HP Inc.* (881 F.3d 1360 (Fed. Cir. 2018)) was decided on February 8, 2018.

Nevertheless, we find the Examiner presciently provided factual evidence that complies with the USPTO April 19, 2018 *Berkheimer* Memorandum, entitled ““Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)”” (“USPTO *Berkheimer* Memorandum”). *See Berkheimer* fact type 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).” USPTO *Berkheimer* Memorandum 4.

In reviewing the record, we recognize that Appellants have not had the opportunity to argue *Berkheimer*, which was decided by the Federal

Circuit on February 8, 2018. We note the Reply Brief was filed on August 28, 2017. Because *Berkheimer* (881 F.3d at 1369) and the USPTO *Berkheimer* Memorandum are intervening authorities, Appellants will be permitted to argue any new issues related to *Berkheimer* in a Request for Rehearing, under our procedural rule. See 37 C.F.R.

§ 41.52(a)(2) (“Appellant may present a new argument based upon a recent relevant decision of either the Board or a Federal Court.”).

However, on the record before us, Appellants have not shown that the claims on appeal add a specific limitation beyond the judicial exception that is not “well-understood, routine, and conventional” in the field (see MPEP § 2106.05(d)).

In light of the foregoing, we conclude, under the USPTO Revised 101 Guidance (Memorandum), that each of Appellants’ claims 1–5, 7–13, 15–21, 23, and 24, considered as a whole, is directed to a *patent-ineligible abstract idea* that is not integrated into a practical application.

Accordingly, for the reasons discussed above, we sustain the Examiner’s rejection A under 35 U.S.C. § 101 of claims 1–5, 7–13, 15–21, 23, and 24.<sup>6</sup>

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<sup>6</sup> To the extent Appellants have not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. See 37 C.F.R. § 41.37(c)(1)(iv).

*Rejection B under 35 U.S.C. § 101 (Statutory Double Patenting)*

Appellants advance no arguments in the Appeal Brief or Reply Brief traversing the Examiner's rejection of claims 1–5, 7–13, 15–21, 23, and 24 over six separate grounds of statutory double patenting, i.e., over the commonly assigned patents and/or applications listed on page 8 of the Final Action. Arguments not made are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv). Therefore, we *pro forma* sustain the Examiner statutory double patenting rejections, under 35 U.S.C. § 101, as enumerated on page 8 of the Final Action.

*Rejection C under 35 U.S.C. § 103(a)*

GROUPING OF CLAIMS

Based upon Appellants' arguments (App. Br. 8–9) and our discretion under 37 C.F.R. § 41.37(c)(1)(iv), we decide the appeal of obviousness Rejection C of claims 1–5, 7–13, 15–21, 23, and 24 on the basis of representative claim 1.

*Rejection C of Independent Claim 1 under 35 U.S.C. § 103(a)*

**Issues:** Under 35 U.S.C. § 103(a), did the Examiner err by finding the cited combination of Herr and Stiff would have taught or suggested the contested conditional limitation:

*upon occurrence of one or more of termination of the employment of the employee, retirement of the employee, restructuring of the employer, and receiving the employee's request to receive ownership of the employee retirement plan account, transferring ownership of the employee retirement plan account from the employer to the employee as an asset of the employee [,]*

within the meaning of representative claim 1?<sup>7</sup> (emphasis added).

We have reviewed Appellants' arguments in the Briefs, the Examiner's obviousness rejections, and the Examiner's response to Appellants' arguments. Appellants do not proffer sufficient argument or evidence for us to find error in the Examiner's findings. *See Ex parte Frye*, 94 USPQ2d 1072, 1075 (BPAI 2010) (precedential). For at least the reasons discussed below, we agree with and adopt the Examiner's underlying factual findings and legal conclusions of obviousness, as set forth in the Final Action (9–14) and Answer (18–19).

The Examiner finds Herr ¶ 42, as modified by the cited features of Stiff, teaches or suggests the contested limitation of claim 1. *See* Final Act.

10. Turning to the evidence, Herr describes:

In certain embodiments, the method further comprises the step of providing a death benefit, based on the participant's account value, to be paid if the participant dies during a period in which an account value is available. Certain embodiments may further comprise the step of providing a joint life distribution option which may be elected by the participant. The method may also include the step of providing at least one of a lump sum death benefit and payment of lifetime benefits to a designated beneficiary upon death of the participant.

Herr ¶ 42.

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<sup>7</sup> We give the contested claim limitations the broadest reasonable interpretation (“BRI”) consistent with the Specification. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997); *see, e.g.,* Spec. 34–35 (“Although the present invention has been described in several embodiments, a myriad of changes and modifications may be suggested to one skilled in the art, and it is intended that the present invention encompass such changes and modifications as fall within the present appended claims.”).

Appellants disagree with the Examiner's findings, and contend that Herr's description of plan termination or some other plan transition is not "*one or more* of termination of the employment of the employee, retirement of the employee, restructuring of the employer, and receiving the employee's request to receive ownership of the employee retirement plan account," as recited in claim 1. App. Br. 9 (emphasis added).

In response, the Examiner further explains the basis for the rejection:

[The] Examiner disagrees (see Herr [0042] The method may also include the step of providing at least one of a lump sum death benefit and payment of lifetime benefits to a designated beneficiary upon death of the participant). *Both Herr and Stiff teach employee retirement plans.* Herr clearly presents a plan that includes death benefits to the beneficiary of employee upon the death of said employee as is one example of how ownership transfers from employee to the heirs of employee. *Stiff goes further to explain the transfer of ownership.* Stiff describes that it is common for an employer to maintain ownership and control of a retirement benefits plan until an employee has worked for employer for an amount of time. Stiff explains that these benefits are designed to reward an employee for their long career. What Stiff explains is the transfer of ownership only after a vesting period has been reached. After such period employee has a vested interest and control of retirement account. Further, transferring ownership to the employee's beneficiary is within the scope of transferring ownership to the employee. Further, the instant claim is directed to the beneficiary of the employee receiving a lump sum or periodic payments from the retirement plan.

Ans. 19 (emphasis added).

We find a preponderance of the evidence supports the Examiner's underlying factual findings and ultimate legal conclusion of obviousness regarding the contested limitation, because we find payment of a lump sum death benefit to a designated beneficiary, as described in paragraph 42 of

Herr, teaches or suggests “termination of the employment of the employee,” due to the death of the employee. Claim 1. We emphasize the “upon occurrence of *one or more*” claim language that precedes the contested list of four conditions. Claim 1 (emphasis added). Only *one* of the four recited conditions needs to be taught or suggested to render the contested limitation obvious.

We also emphasize that the Examiner’s ultimate legal conclusion of obviousness is based upon the *combined* teachings of the cited references. Moreover, “the question under 35 USC 103 is not merely what the references expressly teach but what they would have *suggested* to one of ordinary skill in the art at the time the invention was made.” *Merck & Co. v. Biocraft Labs., Inc.*, 874 F.2d 804, 807 (Fed. Cir. 1989) (quoting *In re Lamberti*, 545 F.2d 747, 750 (CCPA 1976)). (Emphasis added); *see also* MPEP § 2123.

This reasoning is applicable here. However, in the event that our reviewing court may disagree, we further emphasize the conditional language employed in the contested “upon occurrence of one or more” (four listed conditions) limitation recited in claim 1. *See Ex parte Schulhauser*, Appeal No. 2013-007847, at \*9 (PTAB, April 28, 2016) (precedential) (holding

The Examiner did not need to present evidence of the obviousness of the remaining method steps of claim 1 that are not required to be performed under a broadest reasonable interpretation of the claim (e.g., instances in which the electrocardiac signal data is not within the threshold electrocardiac criteria such that the condition precedent for the determining step and the remaining steps of claim 1 has not been met.);

*see also Ex parte Katz*, Appeal No. 2010-006083, 2011 WL 514314, at \*4–5 (BPAI Jan. 27, 2011).

Here, we apply the controlling guidance of *Schulhauser*, and additionally find the Examiner need not present evidence of the obviousness of the conditional method step “upon occurrence of one or more” (four listed conditions) as recited in claim 1, because the conditional step of transferring ownership *is not positively recited as being actually performed* under a broadest reasonable interpretation of the claim.<sup>8</sup>

For at least the aforementioned reasons, we find a preponderance of the evidence supports the Examiner’s underlying factual findings and ultimate legal conclusion of obviousness regarding the contested limitation of representative claim 1, as rejected under rejection C. Therefore, we sustain the Examiner’s Rejection C of claim 1, and Rejection C of grouped claims 2–5, 7–13, 15–21, 23, and 24, not argued separately. *See supra*, “GROUPING OF CLAIMS.”

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<sup>8</sup> *See, also e.g., Applera Corp. v. Illumina, Inc.*, 375 Fed. Appx. 12, 21 (Fed. Cir. 2010) (unpublished) (affirming a district court’s interpretation of a method claim as including a step that need not be practiced if the condition for practicing the step is not met); *Cybersettle, Inc. v. Nat’l Arbitration Forum, Inc.*, 243 Fed. Appx. 603, 607 (Fed. Cir. 2007) (unpublished) (“It is of course true that method steps may be contingent. If the condition for performing a contingent step is not satisfied, the performance recited by the step need not be carried out in order for the claimed method to be performed.”).

*Reply Brief*

To the extent Appellants *may* advance new arguments in the Reply Brief not in response to a shift in the Examiner's position in the Answer, we note arguments raised in a Reply Brief that were not raised in the Appeal Brief or are not responsive to arguments raised in the Examiner's Answer will not be considered except for good cause. *See* 37 C.F.R. § 41.41(b)(2).

CONCLUSIONS

The Examiner did not err in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 101, as being directed to a judicial exception, without significantly more.

Based on the doctrine of waiver, Appellants have not shown the Examiner erred in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 101, on multiple grounds of statutory double patenting, as listed in the Final Act. 8–9. *See* 37 C.F.R. § 41.37(c)(1)(iv).

The Examiner did not err in rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 103, as being obvious over the cited combination of Herr and Stiff.

DECISION

We affirm the Examiner's decision rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 101.

We affirm the Examiner's decision rejecting claims 1–5, 7–13, 15–21, 23, and 24 under 35 U.S.C. § 103.

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