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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* ROBERT J. HEBRON, CRAIG L. DESANTO, and  
NICHOLAS E. PASYANOS

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Appeal 2017-011418  
Application 14/319,304  
Technology Center 3600

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Before STEPHEN C. SIU, BARBARA A. PARVIS, and  
JAMES W. DEJMEK, *Administrative Patent Judges*.

PARVIS, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 1–19. App. Br. 1.<sup>1</sup> We have jurisdiction under 35 U.S.C. § 6(b). We AFFIRM.

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<sup>1</sup> All citations to the “Appeal Brief” or “App. Br.” are to the Appeal brief mailed on March 1, 2017.

## BACKGROUND

Appellants'<sup>2</sup> disclosed invention relates to the field of insurance and employee benefits and, more particularly, to methods and systems for providing and administering a benefit that may convert into another benefit. Spec. ¶ 2. Independent claim 1, reproduced below, is representative<sup>3</sup> of the appealed claims:

1. A computerized method for supporting underwriting systems that provide insurance policies with convertible benefits, the method comprising:

electronically receiving, by a server device from client devices over a communication network, information for determining a life insurance benefit and a long term care benefit and at least one conversion event, wherein the life insurance benefit and the long term care benefit are provided by a single insurance policy, and wherein the life insurance benefit is converted to the long term care benefit upon occurrence of the at least one conversion event, the at least one conversion event including one of retirement of an insured, the insured reaching a given age, fulfilling a given length of service, and disability of the insured;

electronically determining by the server device that the life insurance benefit is available and the long term care benefit is unavailable under the single insurance policy prior to the occurrence of the at least one conversion event;

electronically retrieving triggering and events data by the server device from a data source to determine the occurrence of the at least one conversion event;

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<sup>2</sup> Appellants indicate the real party in interest is New York Life Insurance Company of New York, New York. *Id.* at 2.

<sup>3</sup> Appellants argue claims 1–19 together as a group. *See id.* at 6. Accordingly, we select independent claim 1 as representative. *See* 37 C.F.R. § 41.37(c)(1)(iv).

electronically determining by the server device that the life insurance benefit has ceased and the long term care benefit has become available under the single insurance policy upon the determination of the occurrence of the at least one conversion event; and

electronically providing a user interface from the server device to compute the long term care benefit after the occurrence of the at least one conversion event, wherein the computed long term care benefit is a percentage of a face value of the life insurance benefit to be applied to the long term care benefit based on an expected cost of providing the long term care benefit and at least in part on a desired rate of return for a provider of the long term care benefit.

#### REJECTIONS AT ISSUE<sup>4</sup>

Claims 1–19 stand rejected under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Ans. 2.<sup>5</sup>

#### ISSUE

Did the Examiner err in rejecting claims 1–19 as being directed to patent-ineligible subject matter?

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<sup>4</sup> Rather than repeat the Examiner’s positions and Appellants’ arguments in their entirety, we refer to the above-mentioned Appeal Brief, as well as the following documents for their respective details: the Final Action mailed March 11, 2016 (“Final Act.”); the Examiner’s Answer mailed July 11, 2017 (“Ans.”); and the Reply Brief filed September 11, 2017 (“Reply Br.”).

<sup>5</sup> The rejection of claims 1–19 under 35 U.S.C. § 112 ¶ 1 has been withdrawn. Ans. 2.

## 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. *See, 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 Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012), and *Alice*. *Id.* at 217–18 (citing *Mayo*, 566 U.S. at 75–77). 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, 69–72 (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 water-proof 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.*

The PTO recently published revised guidance on the application of § 101. USPTO’s January 7, 2019 Memorandum, *2019 Revised Patent Subject Matter Eligibility Guidance*. 84 Fed. Reg. 50 (January 7, 2019) (“Memorandum”). Under that 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)).<sup>6</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* Memorandum, 84 Fed. Reg. at 50–56.

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<sup>6</sup> All Manual of Patent Examining Procedure (MPEP) citations herein are to MPEP Rev. 08.2017, January 2018.

## ANALYSIS

The Examiner determines that the claims are directed to the abstract idea of providing “insurance policies with convertible benefits.” Final Act. 5. The Examiner also finds that “providing insurance policies with convertible benefits” is a fundamental economic practice. *Id.* at 3. We concur with the Examiner.

For example, in accordance with claim 1, “information for determining a life insurance benefit and a long term care benefit,” as well as a “conversion event” are received; “triggering and events data” (which determine the life insurance benefit is available and the long term care benefit is unavailable, or vice versa) are retrieved; and the long term care benefit after the conversion event is computed and displayed. Appellants’ claims, thus, are directed to providing insurance policies with convertible benefits, which is a fundamental economic practice and an abstract idea. *See, e.g., Alice*, 573 U.S. at 219–20; *see also Bancorp Servs. v. Sun Life*, 687 F.3d 1266, 1280 (Fed. Cir. 2012) (concluding that “managing a stable value protected life insurance policy by performing calculations and manipulating the results” is an abstract idea); Memorandum, 84 Fed. Reg. at 52 (describing that the judicial exception of an abstract idea includes “[c]ertain methods of organizing human activity—fundamental economic principles or practices (including hedging, *insurance*, mitigating risk)” (emphasis added)).

We also determine that the abstract idea is not integrated into a practical application. The Examiner finds that the claims “can be performed in the human mind or by a human using a pen and paper” and are not “necessarily rooted in computer technology.” Final Act. 3, 5; *see also Ans. 6–7* (concluding that “all the determining steps are recited at a high

level of generality,” such that “they can be easily performed in the mind of a human” and “[t]he specification does not disclose any specific rule for these determining steps”). We concur with the Examiner that the claimed invention merely constitutes the computer adaptation of an abstract idea, not an improvement to computer technology.

We are not persuaded by Appellants’ arguments, citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014):

Independent claim 1, and similarly for independent claims 18 and 19, recites an event-driven server that interacts with data from disparate information systems. The event-driven server operates according to a protocol for propagating events data, detecting changes in event state (corresponding to conversion events), and responding accordingly to activate certain stages of functions. Although some of the limitations, by themselves, may be recited at a high level of generality, when viewing the claims as a whole, the combination of all the claimed steps taken together amount to significantly more than simply applying the abstract idea on a generic computer.

When viewing the presently claimed elements as an ordered combination, the claims amount to significantly more than an abstract idea. The present claims solve a problem in the networking of disparate information systems. In the broadest sense, the claim limitations refer to a system that allows data to be propagated throughout a distributed environment such that the data can be used to build responses around database triggering events within an event-driven architecture. These are meaningful limitations that add more than generally linking the use of the abstract idea to a particular technological environment, because they solve a distributed data system problem with a claimed solution that is necessarily rooted in computer technology.

App. Br. 8; *see also* Reply Br. 2, 6. Contrary to Appellants’ contentions (App. Br. 8), claim 1 does not recite “disparate” information systems, operating according to a “protocol,” or detecting changes in an event “state.”

The Examiner responds to Appellants' arguments stating, in contrast to *DDR Holdings*, Appellants' claims involve merely a business practice "that can be performed by [a] human in the real-world without [a] computer" and are not "necessarily rooted in computer technology." Ans. 9–10. We concur with the Examiner. As the Examiner notes (*id.*), further support is found in the Specification, which describes the problem as follows: "[t]here is therefore a need for an insurance policy, for example, COLI [corporate-owned life insurance], that would be automatically convertible into another benefit upon occurrence of a specified event, such as retirement or the attainment of a specified age by the employee." Spec. ¶ 7. We are unpersuaded that an improvement relating to the conversion of insurance policies with convertible benefits is an improvement to the functioning of the computer itself. See MPEP § 2106.05(a).

Additionally, we are not persuaded by Appellants' arguments, citing *McRO, Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), that the Examiner overgeneralized or oversimplified the claims (App. Br. 7) or the Appellants' arguments citing *Enfish LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016), that "the Examiner describes the claims at such a high level of abstraction that the technical elements of the claims are completely ignored." Reply Br. 4. The Examiner provides a comprehensive response to Appellants' arguments regarding *McRO* stating that in *McRO*, the combination of steps were directed to a technological solution to affect lip synchronization and manipulation of facial expressions, whereas the claims in the current application differ in that they are directed to the abstract idea itself and not a technical problem. Ans. 3–7. The court in *McRO* stated "[i]t is the incorporation of the claimed rules, not the use of

the computer, that ‘improved the existing technological process.’” *McRO*, 837 F.3d at 1314. We concur with the Examiner because we do not find that Appellants’ claims are directed to improving a technological process.

Regarding *Enfish*, our reviewing court found, “the plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” *Enfish*, 822 F.3d at 1336. We are not persuaded that Appellants’ claimed invention solves a computer-related problem under the rubric of *Enfish*.

Also consistent with the Examiner’s determination (Final Act. 3–5; Ans. 6–10), the claims do not rely on a particular machine, because receiving information from a client, retrieving data from a database, determining whether an event occurred, and displaying are functions which any general purpose computer is capable. *See* MPEP § 2106.05(b). Likewise, the Specification describes the computer technology in a generic fashion and that data processing “may be implemented in a wide variety of ways” and by “a wide variety of computer programs and languages.” Spec. ¶¶ 55–57, 61. Indeed, the Specification describes “[a]ll or any portion of the foregoing information may be collected manually during an interview or by using a questionnaire.” *Id.* ¶ 32. We find no indication in the claims or the Specification, nor do Appellants direct us to any indication, that the claimed invention invokes any assertedly inventive programming, requires any specialized computer hardware or other inventive computer components, i.e., a particular machine, or is implemented using other than generic computer components to perform generic computer functions. Furthermore,

Appellants' claims do not transform a particular article to a different state or thing. *See* MPEP § 2106.05(c).

Instead, the claims are merely instructions to execute event information relating to the conversion of insurance policies with convertible benefits. *See* MPEP § 2106.05(e), (f), (h). The claimed invention involves only insignificant data gathering, displaying, and storage and determining an insurance benefit based on the occurrence of at least one conversion event, which amounts to insignificant extra-solution activity. *See* MPEP § 2106.05(g).

Therefore, the claims do not integrate the judicial exception into a practical application. *See* MPEP § 2106.05(a)–(c), (e)–(h); *see also* Memorandum, 84 Fed. Reg. at 55 (citing, *e.g.*, MPEP § 2106.05(a)–(c), (e)–(h) (describing exemplary considerations that are indicative of whether the exception is integrated into a practical application)).

We further concur with the Examiner's determination regarding "well-understood, routine, and conventional" in the field. Final Act. 5–8. Appellants direct our attention to the Federal Circuit's decision in *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016); and Appellants argue the Examiner's analysis is "insufficient" because the Federal Circuit requires "that the inventive concept inquiry (*i.e.*, significantly more than a judicial exception) take account of more than just recognizing that each claim element, by itself, was known in the art." App. Br. 10.

The Examiner finds that in contrast to *BASCOM*, Appellants' claims "when taken as a whole do not amount to significantly more than the abstract idea." Final Act. 7. We agree. We are not persuaded by Appellants

of a parallel between claim 1 and the claim in *BASCOM*. *BASCOM*'s patent-eligible ordered combination of claim limitations improves the performance of the computer system itself with a “technology-based solution . . . to filter content on the Internet that overcomes existing problems with other Internet filtering systems.” 827 F.3d at 1350–51.

Appellants also argue that the Examiner fails to establish a *prima facie* case of unpatentability because the Examiner's rejection lacks evidence. Reply Br. 3–4. Appellants, however, do not raise a genuine issue of material fact regarding step two of the Examiner's *Alice/Mayo* analysis. *Id.* We, therefore, are unpersuaded by Appellants' argument that further evidence is required.

Accordingly, we are not persuaded that the Examiner erred regarding “well-understood, routine, conventional” in the field. *See* MPEP § 2106.05(d); *see also* Memorandum, 84 Fed. Reg. at 56 (“[E]xaminers should continue to consider in step 2B whether an additional element or combination of elements . . . [a]dds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity . . . .” (citing, *e.g.*, MPEP § 2106.05(d))).

For the foregoing reasons, we are not persuaded, on the present record, that the Examiner erred in rejecting claims 1–19 under 35 U.S.C. § 101.

#### SUMMARY

We sustain the Examiner's 35 U.S.C. § 101 rejection of claims 1–19.

Appeal 2017-011418  
Application 14/319,304

DECISION

We affirm the Examiner's decision rejecting claims 1–19 under 35 U.S.C. § 101.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED