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Baker Botts LLP/CA Technologies
2001 Ross Avenue
SUITE 900
Dallas, TX 75201

EXAMINER
ZELASKIEWICZ, CHRYSTINA E

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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 PETER BRYAN MALCOLM

Appeal 2017-011736
Application 11/958,291[1]
Technology Center 3600

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Before, ANTON W. FETTING, JOSEPH A. FISCHETTI, and
AMEE A. SHAH, *Administrative Patent Judges.*

FISCHETTI, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant seeks our review under 35 U.S.C. § 134 of the Examiner's
final rejection of claims 1–18, 20–41, 43–46, 50, and 69. We have
jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM.

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[1] Appellant identifies CA, Inc., as the real party in interest. Appeal Br. 3.

THE INVENTION

Appellant claims an information management system comprising one or more workstations running applications to allow a user of the workstation to connect to a network, such as the Internet. Abstract.

Claim 1 reproduced below, is representative of the subject matter on appeal.

> 1. An information management system comprising:
> a plurality of workstations connected to a computer network, each workstation having a memory and comprising computer hardware;
> a data repository arranged to receive data from each of said workstations;
> an application stored in said memory of each workstation for transmitting outbound data from a user of the at least one of the plurality of workstations to a service or goods provider through said computer network, and receiving inbound data transmitted to a user of the at least one of the plurality of workstations from a service or goods provider through said computer network;
> policy data containing rules defining commercial data associated with a financial transaction which is to be stored in said data repository; and
> an analyzer comprising a plug-in module stored in said memory of at least one of the plurality of workstations, said analyzer monitoring, in conjunction with said policy data, at least one of said outbound data and said inbound data during the performance of the financial transaction, identifying in at least one of said outbound data and said inbound data, commercial data associated with the financial transaction that is to be stored in said data repository in accordance with said rules in said policy data, and causing said commercial data associated with the financial transaction to be extracted from at least one of said outbound data and said inbound data and be stored in said data repository.

REJECTION

The following rejection is before us for review.[2]

Claims 1–18, 20–41, 43–46, 50, and 69 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more. Final Act. 2.

ANALYSIS

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–18, 20–41, 43–46, 50, and 69 under 35 U.S.C. § 101.

The Appellant argued claims 1–18, 20–41, 43–46, 50, and 69 as a group. (Appeal Br. 8). We select claim 1 as the representative claim for this group, and the remaining independent claims stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) (2015).

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

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[2] The Examiner has withdrawn the rejection of claims 1–18, 20–23, 50, and 69 under 35 U.S.C. § 112(b) or 35 U.S.C. § 112 (pre-AIA), second paragraph. See Answer 2.

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, 191 (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 (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 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

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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. *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, USPTO 50–57 (2019) (https://www.govinfo. gov/content/pkg/FR-2019-01-07/pdf/2018-28282.pdf) ("2019 Guidance"). 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 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, do we 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 2019 Revised Patent Subject Matter Eligibility Guidance.

The Federal Circuit has explained that "the 'directed to' inquiry applies a stage-one filter to claims, considered in light of the [S]pecification, based on whether 'their character as a whole is directed to excluded subject matter.'" *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). It asks whether the focus of the claims is on a specific improvement in relevant technology or on a process that itself qualifies as an "abstract idea" for which computers are invoked merely as a tool. *See id.* at 1335–36.

In so doing we apply a "directed to" two prong test test: 1) evaluate whether the claim recites a judicial exception, and 2) if the claim recites a judicial exception, evaluate whether the claim "appl[ies], rel[ies] on, or use[s] the judicial exception in a manner that imposes a meaningful limit on

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the judicial exception, such that the claim is more than a drafting effort
designed to monopolize the judicial exception." *2019 Revised Patent
Subject Matter Eligibility Guidance*.

The Examiner found, "the claims are directed to an abstract idea of
identifying commercial data, which is associated with a financial transaction,
within inbound or outbound data between a workstation and provider, which
is an idea of itself." (Final Act. 2–3).

We agree with the Examiner. The steps in claim 1,

- monitoring, in conjunction with said policy data, at least one of
  said outbound data and said inbound data during the
  performance of the financial transaction,
- identifying in at least one of said outbound data and said
  inbound data, commercial data associated with the financial
  transaction that is to be stored in said data repository in
  accordance with said rules in said policy data, and
- causing said commercial data associated with the financial
  transaction to be extracted from at least one of said outbound
  data and said inbound data and be stored in said data repository,

constitute "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." *Elec. Power Grp., LLC v.
Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016); s*ee also buySAFE, Inc.
v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (claims directed to
certain arrangements involving contractual relations are directed to abstract
ideas). Thus, we find that the claims recite a judicial exception of a mental
process of observing, evaluating, and extracting data as well as the

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fundamental economic practice of recording financial transactions.

Turning to the second prong of the "directed to test", claim 1 merely requires a "plurality of workstations", "a computer network", a "data repository" and a "plug-in module," which are only generically described as executing the recited judicial exception. We fail to see how the generic recitation of these elements, even taken in conjunction with the recited various mental step functions, so integrates the exception as to "impose a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception." *2019 Revised Patent Subject Matter Eligibility Guidance.*

Thus, we find that the claims recite a judicial exception of at least a mental process and a fundamental economic practice.

That the claims do not preempt all forms of the abstraction or may be limited to financial transaction data, does not make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015) ("And that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.").

Turning to the second step of the *Alice* analysis, because we find that the claims are directed to abstract ideas/judicial exceptions, the claims must include an "inventive concept" in order to be patent-eligible, i.e., there must be an element or combination of elements that is sufficient to ensure that the claim in practice amounts to significantly more than the abstract idea itself. *See Alice*, 134 S. Ct. at 2355 (alteration in original) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012)).

The introduction of a computer into the claims does not alter the analysis at *Alice* step two.

> [T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. Stating an abstract idea "while adding the words 'apply it'" is not enough for patent eligibility. Nor is limiting the use of an abstract idea "'to a particular technological environment.'" Stating an abstract idea while adding the words "apply it with a computer" simply combines those two steps, with the same deficient result. Thus, if a patent's recitation of a computer amounts to a mere instruction to "implemen[t]" an abstract idea "on . . . a computer," that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our § 101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of "additional featur[e]" that provides any "practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself."

Alice, 134 S. Ct. at 2358 (alterations in original) (citations omitted).

Instead, "the relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer." *Id.* at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to retrieve, select, and apply decision criteria to data and extract data as a result amounts to electronic data query and retrieval—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the

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trading industry. *See Elec. Power Grp.*, 830 F.3d at 1354; *see also In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1316 (Fed. Cir. 2011) ("Absent a possible narrower construction of the terms 'processing,' 'receiving,' and 'storing,' . . . those functions can be achieved by any general purpose computer without special programming"). In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellant's claims add nothing that is not already present when the steps are considered separately. The sequence of data reception-analysis-access and storage is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378 (Fed. Cir. 2017) (holding that sequence of data retrieval, analysis, modification, generation, display, and transmission was abstract), *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (holding sequence of processing, routing, controlling, and monitoring was abstract). The ordering of the steps is, therefore, ordinary and conventional.

The claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. The Specification spells out different generic equipment and parameters that might be applied using this concept and the particular steps such conventional processing would entail based on the concept of information access under different scenarios. (*See, e.g.*, Spec.

¶¶ 7–10; *see also* ¶ 110 stating, "human readable text based language which may be searched for known key words or indicators using conventional text matching techniques.") Thus, the claims at issue amount to nothing significantly more than instructions to apply the abstract idea of information access using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

We have reviewed all the arguments (Appeal Br. 8–24) Appellant has submitted concerning the patent eligibility of the claims before us that stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments, which have been made. But, for purposes of completeness, we will address various arguments in order to make individual rebuttals of same.

Appellant's argument in pages 8–11 are based on numerous excerpts from the Specification in an attempt to show the problems overcome by the concept before us, and ultimately argue, "[t]he Claims on appeal recite novel and non-obvious solutions to the problems created by the Internet and eCommerce environments described above, and the only issues on appeal are the outstanding rejections under 35 U.S.C. § 101 and 35 U.S.C. § 112." (Appeal Br. 12).

However, the argument is not commensurate with the broader scope of claim 1 which merely describes data flows in a network, without any technological mechanisms for doing so. The question is whether the claims as a whole "focus on a specific means or method that improves the relevant technology" or are "directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO, Inc. v. Bandai*

Namco Games Am. Inc., 837 F.3d 1299, 1314 (Fed. Cir. 2016). In this case, claim 1 as a whole is focused on satisfying certain contingencies for extracting selected data related to a financial transaction and not a particular way of programming or designing the software or a computer circuit. In other words, nothing in claim 1 purports to improve computer functioning or "effect an improvement in any other technology or technical field." *Alice*, 134 S. Ct. at 2359. Moreover, concerning Appellant's contention that the claims "recite novel and non-obvious solutions" we note that "the addition of merely novel or non-routine components to the claimed idea [does not] necessarily turn[] an abstraction into something concrete." *See Ultramercial*, 772 F.3d at 715.

We also disagree with Appellant that under the holding in *Enfish* our decision would be different. (Appeal Br. 13–14). That is, we disagree that the claims here are directed to an improvement in computer technology like that of claim 17 in *Enfish* and therefore are patent eligible. In *Enfish*, the invention at issue was directed at a wholly new type of logical model for a computer database: a self-referential table that allowed the computer to store many different types of data in a single table and index that data by column and row information. *Enfish*, 822 F.3d at 1330–32. In finding the claims "not directed to an abstract idea," but "to a specific improvement to the way computers operate," the Federal Circuit noted that "the claims are not simply directed to *any* form of storing tabular data, but instead are specifically directed to a *self-referential* table for a computer database." *Enfish*, 822 F.3d at 1336–37 (emphasis in original). We find nothing in the claims before us arising to this level of technical improvement in the claimed "plurality of workstations", "a computer network", "data repository" and a

"plug-in module." Instead, we find the claims are focused on "economic or other tasks for which a computer is used in its ordinary capacity." *Enfish*, 822 F.3d at 1336.

Likewise, we fail to see the similarities asserted by Appellant between the claims on appeal here and those adjudicated in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). (App. Br. 16–17). In *DDR Holdings*, the Court evaluated the eligibility of claims "address[ing] the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after 'clicking' on an advertisement and activating a hyperlink." *Id.* at 1257. There, the Court found that the claims were patent eligible because they transformed the manner in which a hyperlink typically functions to resolve a problem that had no "pre-Internet analog." *Id.* at 1258. We find no such technological feature present in claim 1 before us on appeal here.

Citing to *Bascom Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016), Appellant asserts, "the elements in the claims are known or conventional pieces, Appellant respectfully submits that the non-conventional and non-generic arrangement of those pieces represents an inventive concept that transforms the abstract idea into to patent-eligible invention." (Appeal Br. 19). We fail again to see how the instant claims are similar to those in *Bascom*. There, an intermediary is inserted between two otherwise conventional computer nodes to move the location where a process is otherwise ordinarily executed. In *Bascom*, it was the location of the filtering element in the ordering of claim elements which

was key, whereas in the instant claims there is no such specific location of the ordered combination elements.

We disagree with Appellant that "[m]uch like the claims found patentable in *McRO*, the claims here recite specific rules that renders information into a specific format that is then applied to create desired results. . . ." (Appeal Br. 23). That is, in *McRO* the claimed rules were very specific[3] as to the claimed technology they were controlling, namely, "a sequence of animated characters to produce lip synchronization and facial expression control of said animated characters." In contrast, the rules before us here only describe data without actual function to the data extraction process.

CONCLUSIONS OF LAW

We conclude the Examiner did not err in rejecting claims 1–18, 20–41, 43–46, 50, and 69 under 35 U.S.C. § 101.

DECISION

The decision of the Examiner to reject claims 1–18, 20–41, 43–46, 50, and 69 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). *See* 37 C.F.R. § 1.136(a)(1)(iv).

<u>AFFIRMED</u>

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[3] Claim 1 in the *McRO* decision states "obtaining a first set of rules that define output morph weight set stream as a function of phoneme sequence and time of said phoneme sequence . . . ."