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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/254,502	10/20/2008	Anadi Upadhyaya	2011-0161US01	1524
74739	7590	03/14/2019	EXAMINER	
Potomac Law Group, PLLC (Oracle International)			OUELLETTE, JONATHAN P	
8229 Boone Boulevard			ART UNIT	
Suite 430			PAPER NUMBER	
Vienna, VA 22182			3629	
			NOTIFICATION DATE	
			DELIVERY MODE	
			03/14/2019	
			ELECTRONIC	

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ANADI UPADHYAYA, TY HAYDEN, and
MANISH AGRAWAL

Appeal 2018-000896
Application 12/254,502
Technology Center 3600

Before JOHN A. JEFFERY, DENISE M. POTHIER, and
JUSTIN BUSCH, *Administrative Patent Judges*.

JEFFERY, *Administrative Patent Judge*.

DECISION ON APPEAL

Under 35 U.S.C. § 134(a), Appellants¹ appeal from the Examiner's decision to reject claims 1–7, 9–13, 15, 17–19, and 22–25, which constitute all the claims pending in this application. We have jurisdiction under 35 U.S.C. § 6(b). We affirm.

¹ Appellants identify the real party in interest as Oracle International Corporation. App. Br. 3.

STATEMENT OF THE CASE

Appellants' invention relates to a compensation system that tests setup parameters through a verification. The verification generates an error output if the parameters lead to undesirable results when operating the compensation system. *See* Abstract. Claim 1 is illustrative:

1. A method of implementing a setup process for a compensation system prior to deployment of the compensation system, the method executed by a processor, the method comprising:

receiving, by the processor, a plurality of setup parameters for the setup process of the compensation system, the plurality of setup parameters including:

a plurality of compensation plan setup parameters that define properties of a compensation plan comprising one or more components including a stock plan, a cost of living adjustment, a merit adjustment, a company performance adjustment, or a bonus plan, the properties including at least one of a plan name, a plan description, a plan status, a plan start date, or a plan end date, and

a plurality of budgeting setup parameters that enable and configure a budget pool associable with at least one component of the compensation plan;

testing, by the processor, the setup parameters through a verification that determines whether there is an error in one or more of the setup parameters;

displaying a first message in a graphical user interface (GUI) if the budget pool for the compensation plan is not created during the testing;

displaying a second message in the GUI if the budget pool is not associated with at least one component of the compensation plan during the testing; and

displaying a third message in the GUI if a budgeting style is percent and a percent of eligible salary component is not configured in the budget pool during the testing.

THE REJECTION

The Examiner rejected claims 1–7, 9–13, 15, 17–19, and 22–25 under 35 U.S.C. § 101 as directed to ineligible subject matter. Final Act. 2–4.²

CONTENTIONS

The Examiner determines that the claims are directed to an abstract idea, namely a compensation system that verifies whether setup parameters were correctly entered before a setup procedure is run. Final Act. 2; Ans. 2. The Examiner adds that the claims do not include additional elements that add significantly more than the abstract idea, but merely recite conventional computer functions. Final Act. 3. Based on these determinations, the Examiner concludes that the claims are ineligible under § 101. *Id.* at 4.

Appellants argue that the claimed invention is not directed to an abstract idea. App. Br. 8–13. According to Appellants, the Examiner not only fails to account for the specific recited limitations that are not directed to an abstract idea, but the recited limitations also add significantly more to the purported abstract idea to render the claims eligible. *See id.* at 13–15.

ISSUE

Under § 101, has the Examiner erred in rejecting claims 1–7, 9–13, 15, 17–19, and 22–25 as directed to ineligible subject matter? This issue turns on whether the claims are directed to an abstract idea and, if so,

² Throughout this opinion, we refer to (1) the Final Rejection mailed September 6, 2016 (“Final Act.”); (2) the Appeal Brief filed January 9, 2017 (supplemented June 30, 2017) (“App. Br.”); (3) the Examiner’s Answer mailed September 8, 2017 (“Ans.”); and (4) the Reply Brief filed November 6, 2017 (“Reply Br.”).

whether recited elements—considered individually and as an ordered combination—transform the nature of the claims into a patent-eligible application of that abstract idea.

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* 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 182 n.7 (quoting *Corning v. Burden*, 56 U.S. (15 How.) 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 187; *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.”). That said, 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 and citation 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.*

In January 2019, the USPTO published revised guidance on the application of § 101. *See 2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 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 activities such as a fundamental economic practice, or mental processes); and

(2) additional elements that integrate the judicial exception into a practical application (*see* MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) §§ 2106.05(a)–(c), (e)–(h) (9th ed. Rev. 08.2017, Jan. 2018)).

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, and 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.

See Guidance, 84 Fed. Reg. at 56.

ANALYSIS

At the outset, we note that, contrary to Appellants' arguments (App. Br. 15), the Examiner's failure to recite each dependent claim limitation and address its patent-eligibility separately is not fatal to the rejection. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1348 (Fed. Cir. 2014) (explaining that, when all claims are directed to the same abstract idea, addressing each claim of the asserted patents is unnecessary). Aside from asserting that dependent claims 2–7, 9, 11, 13, 15, 17–19, and 22–25 were not analyzed with particularity by the Examiner, Appellants present arguments for the claims as a group. *See* App. Br. We select independent claim 1 as representative, and remaining claims 2–7, 9–13, 15, 17–19, and 22–25 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Alice/Mayo Step One

Independent claim 1 recites a method that uses a processor to receive setup parameters for a setup process of a compensation system. The compensation plan comprises one or more components including a stock plan, a cost of living adjustment, a merit adjustment, a company performance adjustment, or a bonus plan. The setup parameters include compensation plan setup parameters that define properties of the compensation plan. The properties include at least one of a plan name, a plan description, a plan status, a plan start date, or a plan end date. The setup parameters further include budgeting setup parameters that configure a budget pool associable with at least one component of the compensation plan.

Using this processor, the setup parameters are tested through a verification that determines whether there is an error in one or more of the setup parameters. If the budget pool for the compensation plan is not created during the testing, then the processor displays a first message in a graphical user interface (GUI). If the budget pool is not associated with at least one component of the compensation plan during the testing, then the processor displays a second message in the GUI. If a budgeting style is percent and a percent of eligible salary component is not configured in the budget pool during the testing, then the processor displays a third message in the GUI.

As shown in Appellants' Figure 2, Appellants' setup parameters are entered before they are verified. Spec. ¶¶ 17–34. Appellants' plan setup parameters allow an administrator to define (1) compensation plan properties, and (2) start and end dates of a compensation plan. Spec. ¶¶ 18, 20. Budgeting setup parameters define budget pools that allow the administrator to configure a budget for the compensation plan. Spec. ¶ 24.

As shown in Appellants' Figures 3(a)–3(c), the setup parameters are verified in a flow diagram once they have been entered. Spec. ¶¶ 36–52. In one embodiment, an administrator detects and corrects errors. Spec. ¶ 35. The validation shows specific errors for the compensation plan. *Id.* “An ‘error’ indicates a wrong setup that may lead to undesirable results (e.g., participation errors, no employees get processed, data is corrupted or will cause things not to work properly, etc.).” *Id.*

Turning to claim 1, we first note that the claim recites a series of steps and, therefore, falls within the process category of § 101. Despite falling within this statutory category, we must still determine whether the claim is

directed to a judicial exception, namely an abstract idea. *See Alice*, 573 U.S. at 217. To this end, we must determine whether (1) the claim *recites* a judicial exception and (2) fails to integrate the exception into a practical application. *See Guidance*, 84 Fed. Reg. at 54. If both elements are satisfied, the claim is directed to a judicial exception under the first step of the *Alice/Mayo* test. *See id.*

In the rejection, the Examiner determines that claim 1 is directed to a compensation system that verifies whether setup parameters were correctly entered before a setup procedure is run. *See Final Act. 2; Ans. 2.* To determine whether a claim recites an abstract idea, we (1) identify the claim's specific limitations that recite an abstract idea, and (2) determine whether the identified limitations fall within certain subject matter groupings, namely (a) mathematical concepts³; (b) certain methods of organizing human activity⁴; or (c) mental processes.⁵

Here, receiving and testing setup parameters could be performed mentally apart from the recited processor. Notably, a person could receive

³ Mathematical concepts include mathematical relationships, mathematical formulas or equations, and mathematical calculations. *See Guidance*, 84 Fed. Reg. at 52.

⁴ Certain methods of organizing human activity include fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions). *See Guidance*, 84 Fed. Reg. at 52.

⁵ Mental processes are concepts performed in the human mind including an observation, evaluation, judgment, or opinion. *See Guidance*, 84 Fed. Reg. at 52.

setup parameters for a compensation system's setup process by merely *thinking* about the setup parameters, or recalling such information. Using this information, the person could then test the setup parameters through a verification that determines whether there is an error in one or more of the setup parameters. Notably, this latter step could be done by the person merely *remembering* testing rules or criteria, and then *mentally comparing* the setup parameters to those testing rules or criteria.

Furthermore, determining if (1) the budget pool for the compensation plan is not created during the testing, (2) the budget pool is not associated with at least one component of the compensation plan during the testing, and (3) a budgeting style is percent and a percent of eligible salary component is not configured in the budget pool during the testing could be performed mentally apart from the GUI that displays messages. A person could merely *consider* whether (1) the budget pool for the compensation plan is created while *mentally comparing* the setup parameters to testing rules; (2) the budget pool is not associated with at least one component of the compensation plan while *mentally comparing* the setup parameters to testing rules; and (3) a budgeting style is percent and a percent of eligible salary component is not configured in the budget pool while *mentally comparing* the setup parameters to testing rules.

Although the claim recites an abstract idea based on these mental processes, we must still determine whether the abstract idea is integrated into a practical application, namely whether the claim applies, relies on, or uses the abstract idea in a manner that imposes a meaningful limit on the abstract idea, such that the claim is more than a drafting effort designed to monopolize the abstract idea. *See* Guidance, 84 Fed. Reg. at

54–55. To this end, we (1) identify whether there are any additional recited elements beyond the abstract idea, and (2) evaluate those elements individually and collectively to determine whether they integrate the exception into a practical application. *See id.*

Notably, the only recited elements beyond the abstract idea are the processor and the GUI for displaying messages. But these additional elements do not integrate the abstract idea into a practical application when reading claim 1 as a whole. First, we are not persuaded that the claimed invention improves the computing devices’ functionality or efficiency, or otherwise changes the way those devices function.

This case is unlike *Trading Technologies International v. CQG, Inc.*, 675 F. App’x 1001 (Fed. Cir. 2017) (unpublished). There, the court held eligible claims reciting a method for displaying and *facilitating trading of* market information relating to a traded commodity, including dynamically displaying an indicator in each of a GUI’s bid and ask display regions, the regions positioned along a common static price axis. *Trading Techs.*, 675 F. App’x at 1002–06. The claimed invention in that case also displayed an order entry region with locations for receiving trade order commands, and, responsive to selecting a particular location, (1) commodity-related trade order parameters were set, and (2) a trade order was sent to an electronic exchange. *Id.* at 1003. Notably, the court held that claimed invention did not simply display information on a graphical user interface, but rather required a specific, structured graphical user interface paired with prescribed functionality directly related to the interface’s structure that addressed and resolved a specifically-identified problem in the art and, therefore, was not directed to an abstract idea. *Id.* at 1004.

That is not the case here. Although the claimed invention displays messages in a GUI under the three recited conditions, to the extent Appellants contend that the claimed invention is directed to a specific, structured graphical user interface paired with prescribed functionality directly related to the interface's structure that addresses and resolves a specifically-identified problem in the art as in *Trading Technologies* (see App. Br. 11–12), there is no persuasive evidence on this record to substantiate such a contention.

Where, as here, the claimed invention merely presents the results of abstract processes of collecting and analyzing information, without more (such as identifying a particular tool for presentation), the claimed invention is abstract as an ancillary part of such collection and analysis. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016). Similar to the claims at issue in *Electric Power*, the claimed invention here gathers, manipulates, analyzes, and presents information of a specified content, but does not use any particular inventive technology for performing those functions. Despite Appellants' contention to the contrary (App. Br. 11–12), displaying the three messages under the recited conditions in a GUI merely uses generic computing components to achieve that end and, therefore, does not integrate the abstract idea into a practical application. See *Alice*, 573 U.S. at 223–24; see also *FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (noting that using generic computing components like a microprocessor or *user interface* do not transform an otherwise abstract idea into eligible subject matter); *Mortgage Grader Inc. v. First Choice Loan Services, Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016) (noting that components such as an “interface,” “network,” and “database” are

generic computer components that do not satisfy the inventive concept requirement); *see also* Guidance, 84 Fed. Reg. at 55 (citing MPEP § 2106.05(f)).

To the extent Appellants attempt to analogize the claimed invention to *McRO, Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (App. Br. 12–13), this argument is unavailing. There, the claimed process used a combined order of specific rules that rendered information in a specific format that was applied to create a sequence of synchronized, animated characters. *McRO*, 837 F.3d at 1315. Notably, the recited process *automatically animated characters* using particular information and techniques—an improvement over manual three-dimensional animation techniques that was not directed to an abstract idea. *Id.* at 1316.

But, unlike the claimed invention in *McRO* that improved how the physical display operated to produce better quality images, the claimed invention here merely uses generic computing components to receive test setup parameters, test the setup parameters, and display messages in a GUI—a generic computer implementation that is not only directed to fundamental data access and analysis functions, but also does not improve a display mechanism as was the case in *McRO*. *See SAP Am. v. InvestPic, LLC*, 898 F.3d 1161, 1167 (Fed. Cir. 2018) (distinguishing *McRO*). Although the claimed invention requires computer components, it is the incorporation of those components—not a claimed rule—that purportedly improves the existing process. *Cf. FairWarning IP, LLC v. Iatric Systems, Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016).

To be sure, Appellants’ disclosed error determination can indicate a wrong setup that may lead to undesirable results such as data corruption or causing “things to not work properly.” Spec. ¶ 35. As the Specification’s paragraph 52 explains, one such error can occur in connection with defining dynamic calculations during setup where a wrong entry can result in displaying inaccurate or unintelligible information. To the extent Appellants contend that the recited testing somehow improves the computer’s functioning or improves another technology or technical field in light of these error determinations, there is no persuasive evidence on this record to substantiate such a contention. Moreover, nothing in claim 1 precludes the recited testing from being performed entirely mentally, apart from the processor as noted previously.

In short, the claimed invention does not focus on improving computers as tools, but rather on certain independently abstract ideas that use computers as tools. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016); *see also FairWarning*, 839 F.3d at 1096 (noting that using generic computing components like a microprocessor or *user interface* do not transform an otherwise abstract idea into eligible subject matter).

Second, displaying messages in a GUI is not only implemented by generic computing components to achieve these ends, but it constitutes insignificant extra-solution activity that is insufficient to integrate the abstract idea into a practical application. *See Mayo*, 566 U.S. at 79 (citing *Flook*, 437 U.S. at 590 and *Diehr*, 450 U.S. at 191–92); *see also Guidance*, 84 Fed. Reg. at 55 (citing MPEP § 2106.05(g)).

Therefore, we do not find claim 1 recites additional elements that improve (1) the computer itself or (2) another technology or technical field. *See* Guidance, 84 Fed. Reg. at 55 (citing MPEP § 2106.05(a)). Rather, the above-noted additional elements merely (1) apply the abstract idea on a computer; (2) include instructions to implement the abstract idea on a computer; or (3) use the computer as a tool to perform the abstract idea. *See* Guidance, 84 Fed. Reg. at 55 (citing MPEP § 2106.05(f)).

We also find unavailing Appellants’ contention that, because the claims were found to be allowable over the prior art, the ordered combination of the claimed steps uses unconventional methods for “implementing a setup process for a compensation system prior to deployment of the compensation system.” App. Br. 12 (citing *McRO*). The mere fact that the Examiner has not presented a prior art rejection under §§ 102 or 103 is irrelevant to eligibility under § 101. “[P]atent-eligibility does not turn on ease of execution or obviousness of application. Those are questions that are examined under separate provisions of the Patent Act.” *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1052 (Fed. Cir. 2016) (citing *Mayo*, 566 U.S. at 89–90).

We also find unavailing Appellants’ contention that the claimed invention does not preempt the relevant technical field. *See* App. Br. 13 (citing *Alice*, *Bilski*, *Myriad*, *Mayo*, and *McRO*). Where, as here, the claims cover a patent-ineligible concept, pre-emption concerns “are fully addressed and made moot” by an analysis under the *Alice/Mayo* framework. *See Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

We, therefore, agree with the Examiner that claim 1 is directed to an abstract idea.

Alice/Mayo Step Two

Turning to *Alice/Mayo* step two, the additionally recited elements, namely the processor and the GUI—considered individually and as an ordered combination—do not provide an inventive concept such that these additional elements amount to significantly more than the abstract idea. *See Alice*, 573 U.S. at 221; *see also* Guidance, 84 Fed. Reg. at 56.

As noted above, the claimed invention merely uses generic computing components to perform the recited abstract idea. Appellants' contention that the recited elements, including testing received setup parameters and displaying the three messages under the recited conditions, are not well-understood, routine, and conventional (*see* App. Br. 14–15) is unavailing. Apart from the processor and GUI, these limitations are not *additional* elements *beyond* the abstract idea, but rather are directed to the abstract idea as noted previously. *See* Guidance, 84 Fed. Reg. at 56 (instructing that *additional* recited element(s) should be evaluated in *Alice/Mayo* step two to determine whether they (1) *add* specific limitations that are not well-understood, routine, and conventional in the field, or (2) simply *append* well-understood, routine, and conventional activities previously known to the industry (citing MPEP § 2106.05(d)).

Rather, the processor and GUI are the additionally recited elements, whose generic computing functionality is well-understood, routine, and conventional. *Accord* Final Act. 3; Ans. 4 (finding that the additional recited elements recite generic *computer* structure whose functions are well-

understood and conventional). Therefore, we are not persuaded that the Examiner erred in rejecting claim 1, and claims 2–7, 9–13, 15, 17–19, and 22–25 not argued separately with particularity.

CONCLUSION

The Examiner did not err in rejecting claims 1–7, 9–13, 15, 17–19, and 22–25 under § 101.

DECISION

We affirm the Examiner’s decision to reject claims 1–7, 9–13, 15, 17–19, and 22–25.

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. § 41.50(f).

AFFIRMED