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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte NIGEL KING and DANIELA KANTOROVA

Appeal 2018-002454¹
Application 12/784,033²
Technology Center 3600

Before ANTON W. FETTING, NINA L. MEDLOCK, and
KENNETH G. SCHOPFER *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 3–19, 21, and 22. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellants’ Appeal Brief (“App. Br.,” filed August 1, 2017) and Reply Brief (“Reply Br.,” filed January 2, 2018), and the Examiner’s Answer (“Ans.,” mailed October 31, 2017) and Final Office Action (“Final Act.,” mailed February 21, 2017).

² Appellants identify Oracle International Corporation as the real party in interest. App. Br. 2.

CLAIMED INVENTION

Appellants' claimed invention "relates, in general, to enterprise software applications and more particularly, to tools and techniques for accounting and providing for shared services within such applications" (Spec. ¶ 3).

Claims 3, 4, and 22 are the independent claims on appeal. Claim 3, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

3. A non-transitory computer-readable medium comprising sets of instructions stored thereon which, when executed by a computer, cause the computer to perform:

[(a)] retrieving, within an application executing on the computer, a plurality of service outsourcing definitions, each service outsourcing definition associated with service provider business and a plurality of client services;

[(b)] generating a shared services model based on the plurality of service outsourcing definitions, wherein the shared services model associates a shared software function with the service provider;

[(c)] receiving, in the application executing on the computer, a plurality of transaction requests;

[(d)] routing, in the application executing on the computer, the plurality of transaction requests to the service provider, based on the shared service model;

[(e)] processing, in the application, the plurality of transactions with the service provider on behalf of the plurality of client services, in accordance with the shared service model, using the shared software function;

[(f)] determining, for each of the plurality of transactions, a client service associated with the transaction and a type for the transaction as processed by the service provider;

[(g)] determining, in the application, for each transaction, a cross-recovery value for the service provider of providing the shared software function, based at least in part on the transaction type;

[(h)] determining, in the application, for each transaction, a cross-charge value for the client services associated with the transaction, based at least in part on the transaction type;

[(i)] allocating values of the shared software function among the plurality of client services, based at least in part on the determined cross-recovery values and determined cross-charge values for the plurality of transactions; and

[(j)] recording a plurality of entries in the application corresponding to the allocated values to two or more of the plurality of client services.

REJECTION

Claims 3–19, 21, and 22 are rejected under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

ANALYSIS

Appellants argue the pending claims as a group (App. Br. 5–11). We select independent claim 3 as representative. The remaining claims stand or fall with claim 3. *See* 37 C.F.R. §41.37(c)(1)(iv).

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 573 U.S. at 217.

The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78). This is “a search for an ‘inventive concept’ — *i.e.*, an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* at 217–18 (alteration in original).

In rejecting independent claims 3 and 4 under 35 U.S.C. § 101, the Examiner determined that the claims are directed to

processing, in [an] application, a plurality of transactions with [a] service provider business unit on behalf of [a] plurality of client business units, in accordance with [a] shared business function; identifying, for each of the plurality of transactions, a client business unit associated with the transaction and a type for the transaction as processed by the service provider business unit; allocating the recorded cost of the shared business function among the plurality of client business units based at least in part on the formal definition of the relationships between the service provider business unit and the client business units; and performing a plurality of accounting entries in the application to charge the allocated recorded cost to one[,] two[,] or more of the plurality of client business units, wherein performing the plurality of accounting entries in the application comprises posting, each of the plurality accounting entries to a general ledger account of the enterprise, and thereby accounting for costs to the two or more of the plurality of client business units and recoveries by the provider business unit[,]

i.e., to a fundamental economic practice and a method of organizing human activity, and, therefore, to an abstract idea similar to other concepts that the courts have held abstract (Final Act. 5–7).³ The Examiner also determined that these claims do not include additional elements that are sufficient to amount to more than the judicial exception (*id.* at 9–10).

Addressing the remaining claims, the Examiner determined that dependent claims 5–13, 16–19, and 21 recite the same abstract idea as independent claims 3 and 4; that claims 14 and 15 recite additional elements of receiving and outputting data, i.e., generic computer functions; and that independent claim 22 is patent-ineligible for the same reasons set forth with respect to independent claims 3 and 4 (*id.* at 10–11).

³ Contrary to Appellants’ argument, the Examiner did not merely repeat the claim language verbatim in identifying the concept to which the claims are directed (App. Br. 6; *see also* Reply Br. 2). And although Appellants argue that the rejection cannot be sustained because the Examiner failed to identify “a succinct abstract idea” (App. Br. 6–7 (observing that according to a 2015 study, the average length of an abstract idea, as identified by district courts, is 10.85 words long, and arguing that “the Examiner’s inability to identify a succinct abstract idea to characterize the claims at issue is strong evidence that the claims are not in fact directed to an abstract idea”)), we note that an abstract idea can be described at varying levels of abstraction. That the Examiner used more words than Appellants would have used, or more words that district courts have used on average, in describing the concept to which the claims are directed is an insufficient basis for persuasively arguing that the claims are not directed to an abstract idea. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction. As the Board has done, the claimed abstract idea could be described as generating menus on a computer, or generating a second menu from a first menu and sending the second menu to another location. It could be described in other ways, including, as indicated in the specification, taking orders from restaurant customers on a computer.”).

After Appellants' briefs were filed in this appeal, and the Examiner's Answer mailed, the USPTO published revised guidance for use by USPTO personnel in evaluating subject matter eligibility under 35 U.S.C. § 101. 2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50, 57 (Jan. 7, 2019) (the "2019 Revised Guidance"). That guidance revised the USPTO's examination procedure with respect to the first step of the *Mayo/Alice* framework by (1) providing groupings of subject matter that are considered an abstract idea; and (2) clarifying that a claim is not "directed to" a judicial exception if the judicial exception is integrated into a practical application of that exception. *Id.* at 50. The 2019 Revised Guidance, by its terms, applies to all applications, and to all patents resulting from applications, filed before, on, or after January 7, 2019. *Id.*

Step One of the Mayo/Alice Framework (2019 Revised Guidance, Step 2A)

The first step in the *Mayo/Alice* framework, as mentioned above, is to determine whether the claims at issue are "directed to" a patent-ineligible concept, e.g., an abstract idea. *Alice Corp.*, 573 U.S. at 217. This first step, as set forth in the 2019 Revised Guidance (i.e., Step 2A), is a two-prong test; in Step 2A, Prong One, we look to whether the claim recites a judicial exception, e.g., one of the following three groupings of abstract ideas: (1) mathematical concepts; (2) certain methods of organizing human activity, e.g., fundamental economic principles or practices, commercial or legal interactions; and (3) mental processes. *Id.* at 54. If so, we next consider whether the claim includes additional elements, beyond the judicial exception, "that integrate the [judicial] exception into a practical application," i.e., that apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that

the claim is more than a drafting effort designed to monopolize the judicial exception (“Step 2A, Prong Two”). *Id.* at 54–55. Only if the claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application do we conclude that the claim is “directed to” the judicial exception, e.g., an abstract idea.

Here, we are not persuaded by Appellants’ argument that the Examiner erred in determining that claim 3 is directed to an abstract idea (App. Br. 7–8). 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.’” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp.*, 790 F.3d at 1346). 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. Here, it is clear from the Specification, including the claim language, that the claims focus on an abstract idea, and not on any improvement to technology and/or a technical field.

The Specification is entitled “PROCESSES AND APPARATUS TO GENERATE CROSS CHARGE AND RECOVERIES FOR SHARED SERVICE CENTERS, and states that the disclosure relates, in particular, “to tools and techniques for accounting and providing for shared services within [enterprise software] applications” (Spec. ¶ 3) — applications that the Specification discloses are used by many businesses (and other organizations) to “organize their business affairs, track business performance, and/or the like” (*id.* ¶ 4). “For a variety of reasons, a modern

business (or other organization) may be organized into several business units”; each of these business units is a discrete entity within the business, and, from the perspective of an enterprise application, may perform a variety of business functions, e.g., a payroll function, an accounts payable function, a sales order function, etc., not only for itself but also for other business units within the enterprise (*id.* ¶¶ 5, 6). The Specification describes that a provider business unit often will have costs associated with the services that it provides, and that the allocation and recovery of these costs is an important consideration in ensuring the integrity of the enterprise’s financial reporting and monitoring (*id.* ¶ 8).

Embodiments of the present invention, as disclosed in the Specification, provide tools and techniques “that facilitate the process of accounting for shared services in an enterprise application” and “employ a service provider model that codifies best practices in accounting for shared services” (*id.* ¶ 10). Thus, “[v]arious embodiments can post transactions to statistical accounts in the general ledger system of the enterprise to account for costs and recoveries related to provided services, and/or create appropriate cross charge and recovery entries directly”; the system then “can use this information to create the entries in the accounting system to charge the portion of the costs incurred by the shared service center to each client based on the percentage of the total transactions processed on behalf of each client” (*id.* ¶ 11).

Consistent with this disclosure, claim 3 recites a method for accounting for shared services in an enterprise application by: (1) retrieving accounting best practices for shared services, i.e. “retrieving . . . a plurality of service outsourcing definitions, each service outsourcing definition

associated with service provider business and a plurality of client services” (step (a)); (2) generating a shared services model, based on the best practices, that associates a shared function with a service provider business unit, i.e., “generating a shared services model based on the plurality of service outsourcing definitions, wherein the shared services model associates a shared software function with the service provider” (step (b)); (3) receiving transaction requests from client business units and routing the requests to the service provider business unit, i.e., “receiving . . . a plurality of transaction requests” and “routing . . . the plurality of transaction requests to the service provider, based on the shared service model” (steps (c) and (d)); (4) processing, by the service provider, the requested transactions on behalf of the client business units, i.e., “processing, in the application, the plurality of transactions with the service provider on behalf of the plurality of client services, in accordance with the shared service model, using the shared software function” (step (e)); (5) determining, for each transaction, the client business unit associated with the transaction, the type of transaction, the cross-recovery value to the service provider business unit, and the cross-charge value to the client business unit, i.e., “determining, for each of the plurality of transactions, a client service associated with the transaction and a type for the transaction as processed by the service provider,” “determining . . . for each transaction, a cross-recovery value for the service provider of providing the shared software function, based at least in part on the transaction type,” and “determining, in the application, for each transaction, a cross-charge value for the client services associated with the transaction, based at least in part on the transaction type” (steps (f), (g), and (h)); and (6) allocating values of the shared service among the client

business units based on the cross-recovery and cross-charge values, and recording corresponding entries in the accounting system, i.e., “allocating values of the shared software function among the plurality of client services, based at least in part on the determined cross-recovery values and determined cross-charge values for the plurality of transactions” and “recording a plurality of entries in the application corresponding to the allocated values to two or more of the plurality of client services” (steps (i) and (j)). These limitations, given their broadest reasonable interpretation, recite a commercial interaction, i.e., between a service provider business unit and one or more client business units, which is a method of organizing human activity and, therefore, an abstract idea. *See* 2019 Revised Guidance, 84 Fed. Reg. at 52; *see also, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (summarizing cases discussing “claims directed to the performance of certain financial transactions as involving abstract ideas”).

Having concluded that claim 3 recites a judicial exception, i.e., an abstract idea (Step 2A, Prong 1), we next consider whether the claim recites “additional elements that integrate the judicial exception into a practical application” (Step 2A, Prong 2).

The only additional element recited in claim 3, beyond the abstract idea, is the claimed “computer,” which performs the method steps. And that element is described in the Specification at a high level of generality, i.e., as a generic computer component (*see, e.g., Spec.* ¶ 43).

We find no indication in the Specification, nor do Appellants direct us to any indication, that the operations recited in claim 3 invoke any assertedly inventive programming, require any specialized computer hardware or other

inventive computer components, i.e., a particular machine, or that the claimed invention is implemented using other than generic computer components to perform generic computer functions. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.”). In fact, the Specification discloses just the opposite, i.e., that the claimed invention may be implemented using only generic computer components to perform generic computer functions (*see, e.g.*, Spec. ¶¶ 42–47).

We also find no indication in the Specification that the claimed invention effects a transformation or reduction of a particular article to a different state or thing. Nor do we find anything of record, short of attorney argument, that attributes an improvement in computer technology and/or functionality to the claimed invention or that otherwise indicates that the claimed invention integrates the abstract idea into a “practical application,” as that phrase is used in the Revised Guidance.⁴

Appellants argue that the claims do not meet the requirements for a method of organizing human activity and that the claim elements are instead directed to “a solution specific to a technical problem” (App. Br. 7).

Appellants, thus, maintain that although the claims recite features including

⁴ The 2019 Revised Guidance references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) and (e)–(h) in describing the considerations that are indicative that an additional element or combination of elements integrates the judicial exception, e.g., the abstract idea, into a practical application. *Id.* at 55. If the recited judicial exception is integrated into a practical application, as determined under one or more of these MPEP sections, the claim is not “directed to” the judicial exception.

determining cross-recovery and cross-charge values for client services, and allocating values among a plurality of client services, “it is the recited technical features such as the generation of a shared services module and the routing of transaction requests based on the shared services model that enable[] cross-recovery and cross-charge values to be determined” (*id.* at 8). Therefore, according to Appellants, the claims are “technical in nature and solve a technical problem rooted in computer technology” (*id.*).

Pointing particularly to limitations (b) through (f), as recited in claim 3, Appellants assert that the recited operations “relate to a specific technical infrastructure including a shared services model that is generated in order to route/process transactions across a distributed network of service providers” (App. Br. 8), and that the claims, accordingly, are not directed to an abstract idea (*id.*). Yet, no “specific technical infrastructure” is apparent in these steps, which merely recite a computer. And, although claim 3 recites “generating a shared service model,” the claim provides no technical details for achieving that result. Appellants, by their argument, suggest such details exist, but those details are not reflected in the claim. For example, claim 3 does not specify *how to* generate “a shared services model based on the plurality of service outsourcing definitions, wherein the shared services model associates a shared software function with the service provider.” Instead, “the claim language here provides only a result-oriented solution with insufficient detail for how a computer accomplishes it. Our law demands more.” *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1342 (Fed. Cir. 2017).

We also are not persuaded by Appellants’ argument that the claims are not directed to an abstract idea because, similar to the claims at issue in

Enfish, the claims are “directed toward solving a specific problem in the software arts” (App. Br. 9). The Federal Circuit, in *Enfish*, rejected a § 101 challenge at the step one stage of the *Mayo/Alice* analysis because the claims at issue focused on “a specific type of data structure [i.e., a self-referential table for a computer database] designed to improve the way a computer stores and retrieves data in memory.” *Enfish*, 822 F.3d at 1339. Based on the “plain focus of the claims,” the court, thus, held that the claims were directed to “a specific improvement to the way computers operate, embodied in the self-referential table,” and, as such, were more than a mere abstract idea. *Id.* at 1336. We find no parallel here between claim 3 and the claims in *Enfish* nor any comparable aspect in claim 3 that represents an improvement to computer functionality.

Appellants assert that it is desirable in enterprise systems to share specific client services within the enterprise infrastructure; that such sharing raises “various technical challenges, including security considerations, measuring performance of client service providers, transaction allocation[,] and tracking[] recovery based on [the] allocation of transactions”; and that the pending claims address the problems associated with providing client services by “generating a shared services model based on a plurality of service outsourcing definitions, routing transaction requests based on the shared services model, and processing transactions with a service provider on behalf of a plurality of client services, in accordance with the shared service model, and using shared software functions” (App. Br. 9).

Appellants, thus, argue that “[g]enerating shared services model based on service outsourcing definitions, and routing/processing transaction requests based on the shared services model . . . is a ‘specific implementation of the

solution to a problem in the software arts” (*id.* at 10). But, we are not persuaded that sharing client services within an enterprise infrastructure is a problem in the software arts, as opposed to a business problem, or that generating a shared services model based on service outsourcing definitions, and routing/processing transaction requests based on the shared services model is a technical solution where, as here, there is no indication that operations recited in claim 3 require any specialized or inventive computer components, invoke any assertedly inventive programming, or that the claimed invention is implemented using other than generic computer components to perform generic computer functions.

Finally, Appellants misapprehend the controlling precedent to the extent Appellants argue that the claims are not directed to an abstract idea, and are patent-eligible because the claims do not stand rejected under 35 U.S.C. §§ 102 or 103 (*id.* at 10–11; *see also* Reply Br. 2–3). Neither a novelty finding nor a non-obviousness determination automatically leads to the conclusion that the claimed subject matter is patent-eligible.

“Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“The ‘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.”).

We conclude, for the reasons outlined above, that claim 3 recites a method of organizing human activity, i.e., an abstract idea, and that the additional element recited in the claim is no more than a generic computer component used as a tool to perform the recited abstract idea. As such, it does not integrate the abstract idea into a practical application. *See Alice Corp.*, 573 U.S. at 223–24 (“[W]holly generic computer implementation is not generally the sort of ‘additional feature[e]’ that provides a ‘practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.’” (quoting *Mayo*, 566 U.S. at 77)). Accordingly, we agree with the Examiner that claim 3 is directed to an abstract idea.

Step Two of the Mayo/Alice Framework (2019 Revised Guidance, Step 2B)

Having determined under step one of the *Mayo/Alice* framework that claim 3 is directed to an abstract idea, we next consider under Step 2B of the 2019 Revised Guidance, the second step of the *Mayo/Alice* framework, whether claim 3 adds specific limitations beyond the judicial exception that are not “well-understood, routine, conventional” in the field, or simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.

As described above, the only element recited in claim 3, beyond the abstract idea, is the claimed “computer” that performs the method steps. Appellants cannot reasonably maintain, nor do they, that there is a genuine issue of material fact regarding whether operation of this component is well-understood, routine, or conventional, where, as here, there is nothing in the Specification to indicate that the operations recited in claim 3 require any

specialized hardware or inventive computer components or that the claimed invention is implemented using other than generic computer components to perform generic computer functions, e.g., receiving, processing, and transmitting information. Indeed, the Federal Circuit, in accordance with *Alice*, has “repeatedly recognized the absence of a genuine dispute as to eligibility” where claims have been defended as involving an inventive concept based “merely on the idea of using existing computers or the Internet to carry out conventional processes, with no alteration of computer functionality.” *Berkheimer v. HP, Inc.*, 890 F.3d 1369, 1373 (Fed. Cir. 2018) (Moore, J., concurring) (citations omitted); *see also BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1291 (Fed. Cir. 2018) (“BSG Tech does not argue that other, non-abstract features of the claimed inventions, alone or in combination, are not well-understood, routine and conventional database structures and activities. Accordingly, the district court did not err in determining that the asserted claims lack an inventive concept.”).

We are not persuaded, on the present record, that the Examiner erred in rejecting independent claim 3 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection of claim 3, and claims 4–19, 21, and 22, which fall with claim 3.

DECISION

The Examiner’s rejection of claims 3–19, 21, and 22 under 35 U.S.C. § 101 is affirmed.

Appeal 2018-002454
Application 12/784,033

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

AFFIRMED