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Lempia Summerfield Katz LLC/CME 20 South Clark Street Suite 600 Chicago, IL 60603			NGUYEN, LIZ P	
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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* JOHN LABUSZEWSKI, JOHN NYHOFF,  
DAVID BOBERSKI, MIKE KAMRADT,  
ROBERTA PAFFARO, EDWARD GOGOL, JOHN WILEY,  
RICHARD CO, and STEVE YOUNGREN

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Appeal 2018-004179  
Application 15/079,758  
Technology Center 3600

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Before ERIC B. CHEN, JEREMY J. CURCURI, and ADAM J. PYONIN,  
*Administrative Patent Judges.*

PYONIN, *Administrative Patent Judge.*

DECISION ON REQUEST FOR REHEARING

Appellants filed a Request for Rehearing on July 8, 2019 (hereafter “Request”), for reconsideration of the Decision mailed May 8, 2019 (hereafter “Decision”). We have reconsidered the Decision in light of Appellants’ arguments; however, we are not persuaded of any error therein.

## DISCUSSION

In the Decision, we affirmed the Examiner’s rejection of the claims pursuant to the U.S. Patent Office’s recently published revised guidance on the application of 35 U.S.C. § 101. *See* Decision 9; *see also Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014) (Describing the two-step framework under 35 U.S.C. § 101, “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.”); USPTO’s 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Memorandum”).

In the Request, Appellants state “the Board has misapprehended or otherwise overlooked the applicability of Prong Two of the USPTO’s Revised Patent Subject Matter Eligibility Guidance, i.e. whether the claim recites additional elements that integrate the judicial exception into a practical application.” Request 2. Particularly, Appellants contend the claimed invention “improves upon the technical field of anonymized data and transaction processing by providing a system which efficiently facilitates the necessary crediting and debiting of accounts to indirectly effect a transfer therebetween and which leverages, in a novel and specific manner, existing risk management systems/techniques,” and “maintain[s] anonymity between the payor and payee.” *Id.* at 3.

Appellants further cite to the Board’s recently designated informative decision for support, which “concluded that ‘the use of claimed timing mechanisms and the associated temporary restraints on execution of trades provide a specific technological improvement over prior derivatives trading systems.’” *Id.* at 6 (quoting *Ex Parte Smith*, Appeal No. 2018-000064, 2019

WL 764497, at \*5 (PTAB Jan. 31, 2019)). Appellants contend “the [presently claimed] automated assignment of positions based on a predefined value and subsequent operations to credit/debit that value are just as technological as [the] delay[ed] execution with a timer” used by the claims of *In re Smith* “to improve prior trading systems.” Request 6.

Based on our review of the record, we are not persuaded of error in the Decision. First, we note Appellants’ arguments with respect to Prong Two are not responsive to our Decision. In the Decision, we determined that, “[o]ther than the limitations reciting the judicial exception, claim 1 recites additional elements requiring that the method is ‘computer implemented’ using various processors.” Decision 6. That is, the process limitations Appellants refer to in the Request<sup>1</sup>—including assigning values to contractual requirements—are part of the recited judicial exception, and were analyzed under Step 2A, Prong One of the Memorandum. *Id.* at 5–6. Appellants argue “these are not operations which generally occur when analyzing the risk of a portfolio of derivative products,” which does not persuasively explain why these limitations should be analyzed under Step 2A, Prong Two instead of Step 2A, Prong One of the Memorandum. Request 4. We determine we did not misapprehend or overlook any points in our Decision by analyzing the disputed limitations under Prong One. *See* Decision 5–6; Memorandum, 84 Fed. Reg. at 55 (“revised Step 2A

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<sup>1</sup> Appellants state “the claimed invention operates in a manner which upends the known margin computation process by valuing the claimed second position based on a previously determined payment amount so as to cause the margining system to move that amount, as opposed to normal operation, i.e., valuing the position based on a current market value so as to determine a change, e.g. gain or loss, thereto.” Request 3; *see also* Request 4 (quoting all claim limitations other than the recited first “determining” step).

specifically excludes consideration of whether the additional elements represent well-understood, routine, conventional activity”); *see also* Memorandum nn.21, 33 (conditions of patentability, such as novelty and non-obviousness, are separate from the eligibility determination); *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“a claim for a new abstract idea is still an abstract idea”).

Second, we are not persuaded we overlooked or misapprehended any points in determining that, even when analyzed under Prong Two, the process limitations of claim 1 provide “at most a financial or contractual improvement rather than providing any technical benefit.” Decision 7. Appellants have not shown the recited process limitations, including the valuation recitations, improve the underlying computer or other technology. *See, e.g., Trading Techs. Int’l, Inc. v. IBG LLC*, No. 2017-2323, 2019 WL 1907236, at \*4 (Fed. Cir. Apr. 30, 2019) (“[T]he purported advance is a process of gathering and analyzing information of a specified content, then displaying the results, and not any particular assertedly inventive technology for performing those functions.”) (internal quotation marks and citation omitted)). Accordingly, we do not find we erred in determining “claim 1 does not integrate the judicial exception into a practical application.” Decision 8; Memorandum, 84 Fed. Reg. at 54.

Nor do we find Appellants’ arguments regarding *Ex parte Smith* to be persuasive of error. *See* Request 5–6. We note the difficulty in applying case law to the eligibility analysis. *See, e.g.,* Memorandum n. 11 (“the finding that the subject matter claimed in a prior patent was ‘abstract’ as claimed may not determine whether similar subject matter in another application, claimed somewhat differently or supported by a different

disclosure, is directed to an abstract idea and therefore patent ineligible.”). In any event, we do not find *Ex parte Smith* to be in conflict with our Decision. The majority in *Ex parte Smith* determined the claims at issue included additional elements that provided a *technological* improvement, because of the “claimed timing mechanisms.” *Ex Parte Smith*, 2019 WL 764497 at \*5; *see also* Request 6. As discussed above, the present claims contain no additional elements providing any such technological improvement. *See* Decision 7. Accordingly, Appellants’ citation of our designated informative decision does not persuade us of error in the present determination of patent ineligibility.

#### DECISION

We have granted Appellants’ request to the extent that we have reconsidered our Decision, but we deny the request with respect to making any changes therein.

#### REHEARING DENIED