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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte KELLI HUELER

Appeal 2018-004509
Application 14/313,047¹
Technology Center 3600

Before ANTON W. FETTING, NINA L. MEDLOCK, and
BRUCE T. WIEDER, *Administrative Patent Judges*.

WIEDER, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134 from the Examiner's rejection of claims 12, 15–19, 21, and 22. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ According to Appellant, the real party in interest is Hueler Investment Services, Inc. (Appeal Br. 1.)

CLAIMED SUBJECT MATTER

Appellant’s “invention relates generally to financial transaction processing, and more particularly, to a system and method for facilitating an individual’s solicitation and receipt of quotes for annuities, and ultimate purchase of annuities at institutional prices.” (Spec. 1, ll. 14–16.)

Claim 12 is the sole independent claim on appeal. It recites:

12. A method for providing institutionally priced annuities for individual annuity purchasers, comprising:

establishing a discretionary group to be a contract holder for each participating annuity provider;

establishing a master group contract for each of the participating annuity providers, wherein each of the master group contracts is written by a respective one of the participating annuity providers to the discretionary group to allow the discretionary group to be the contract holder for annuities purchased by individual annuity purchasers;

converting an annuity purchaser’s qualified plan-sponsored retirement accounts to a contribution type that is available for annuity investment sponsored by the discretionary group;

creating, by the annuity purchaser, an electronic annuity quote invitation comprising entering personal and financial information, including the annuity purchaser’s gender, into a web-based annuity placement program of a computing system;

receiving electronic annuity quote responses based on institutional pricing provided by the master group contracts from a plurality of the participating annuity providers, by a processor of the computing system via the web-based annuity placement program, in response to the electronic annuity quote invitation;

displaying the electronic annuity quote responses, by the processor of the computing system via the web-based annuity placement program, wherein displaying the electronic annuity quote responses includes arranging the electronic annuity quote responses for comparison based on one or more criteria;

identifying, by the annuity purchaser, a most favorable one or more of the electronic annuity quote responses; and

in response to the identification, issuing an annuity contract to the annuity purchaser from the one or more annuity providers corresponding to the identified one or more electronic annuity quote responses under the terms of the corresponding one or more master group contracts, and reflecting annuity terms customized to the annuity purchaser.

REJECTION

Claims 12, 15–19, 21, and 22 are rejected under 35 U.S.C. § 101 as directed to a judicial exception without significantly more.

ANALYSIS

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. Section 101, however, “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Assoc. for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013)).

Alice applies a two-step framework, earlier set out 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*, 134 S. Ct. at 2355.

Under the two-step framework, it must first be determined if “the claims at issue are directed to a patent-ineligible concept.” *Id.* If the claims are determined to be directed to a patent-ineligible concept, then the second

step of the framework is applied to determine if “the elements of the claim . . . contain[] an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (citing *Mayo*, 566 U.S. at 72–73, 79).

With regard to step one of the *Alice* framework, the Examiner determines that claim 12 is directed to the abstract idea of “an annuity contract to the annuity purchaser from the annuity provider corresponding to the identified one or more electronic annuity quote responses under the terms of the master group contract of that annuity provider, and reflecting annuity terms customized to the annuity purchaser.” (Final Action 4.)

Appellant disagrees and argues that “[w]hen looked at as a whole, the claims are directed to limited rules in a process specifically designed to achieve an improved technological result in an industry practice.” (Appeal Br. 5.)

Under step one of the *Alice* framework, we “look at the ‘focus of the claimed advance over the prior art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (quoting *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)).

The Specification provides evidence as to what the claimed invention is directed. In this case, the Specification discloses that the “invention relates generally to financial transaction processing, and more particularly, to a system and method for facilitating an individual’s solicitation and receipt of quotes for annuities, and ultimate purchase of annuities at institutional prices.” (Spec. 1, ll. 14–16.) Claim 12 provides additional evidence. Claim 12 recites “[a] method for providing . . . annuities . . .

comprising: establishing a . . . group,” “establishing a master group contract,” “converting . . . qualified plan-sponsored retirement accounts to a contribution type,” “creating . . . an . . . annuity quote invitation,” “receiving . . . annuity quote responses,” “displaying the . . . annuity quote responses,” “identifying . . . a most favorable one or more . . . annuity quote responses,” and “issuing an annuity contract.”

Although we and the Examiner describe, at different levels of abstraction, to what the claims are directed, it is recognized that “[a]n abstract idea can generally be described at different levels of abstraction.” *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016). That need not and, in this case does not, “impact the patentability analysis.” *See id.* at 1241.

In this case, as in *Alice*, we need not labor to delimit the precise contours of the “abstract ideas” category. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concepts of managing a life insurance policy, *Bancorp. Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266 (Fed. Cir. 2012), and “financial transaction processing” including “solicitation and receipt of quotes for annuities, and ultimate purchase of annuities” (Spec. 1, ll. 15–16). Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice*, 134 S. Ct. at 2357. Moreover, here the limitations do not recite implementation details. Instead, they recite functional results to be achieved. In other words, the claims do not recite “a particular way of programming or designing the software . . . , but instead merely claim the resulting [method].” *Apple, Inc.*, 842 F.3d at 1240.

Nonetheless, Appellant seeks to analogize the present claims to the claims in *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016). (Appeal Br. 5.) Appellant argues that “the claims are consistent with the concepts set forth in the patentable example provided in *McRO*.” (*Id.*) We disagree. In *McRO*, the court determined that

the claimed improvement here is allowing computers to produce “accurate and realistic lip synchronization and facial expressions in animated characters” that previously could only be produced by human animators. As the district court correctly recognized, this computer automation is realized by improving the prior art through “the use of rules, rather than artists, to set the morph weights and transitions between phonemes.” The rules are limiting in that they define morph weight sets as a function of the timing of phoneme sub-sequences.

McRO, 837 F.3d at 1313 (citations omitted). Here, the asserted improvement is to a business practice regarding providing annuities for individual purchasers. Even considering the “computing system” recited in claim 12, “these claims in substance [are] directed to nothing more than the performance of an abstract business practice . . . using a conventional computer. Such claims are not patent-eligible.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014).

In view of the above, we agree with the Examiner that the claims are directed to an abstract idea.

Step two of the *Alice* framework has been described “as 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.’” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 72–73).

Appellant argues that “[w]hen the claim elements are considered in combination, they amount to significantly more than if they were improperly considered individually. Claims 12, 15-19, 21, and 22 are directed to providing an individual a customized annuity under group pricing terms that would otherwise be unavailable to an individual.” (Appeal Br. 5.) But this argument is simply that the claims are directed to the performance of the abstract idea. And even if the claimed techniques are “[g]roundbreaking, innovative, or even brilliant,” that is not enough for patent eligibility. *Ass’n for Molecular Pathology*, 569 U.S. at 591.

Appellant additionally argues that “the claimed processor is required to collect and arrange the electronic annuity quote responses.” (Appeal Br. 6.) However, “[t]he claims at issue do not require any nonconventional computer, network, or display components, or even a ‘non-conventional and non-generic arrangement of known, conventional pieces,’ but merely call for performance of the claimed information collection, analysis, and display functions” on a generic processor and display. *Elec. Power Grp.*, 830 F.3d at 1355; *see also* Spec. p. 16, l. 9–p.17, l. 9 (disclosing use of a generic processor and computing system components for performing the claimed method). In short, the claims simply use generic computer components to perform routine computer functions, e.g., collecting data (“creating . . . an electronic annuity quote invitation” and “receiving electronic annuity quote responses”), and displaying data (“displaying the electronic annuity quote responses”).

Taking the claim elements separately, the functions performed by the processor and computing system components are purely conventional. Collecting, arranging and displaying data are basic computer functions. And

each step does no more than require a generic computer to perform routine computer functions.

Considered as an ordered combination, the processor and computing system components of Appellant’s method add nothing that is not already present when the steps are considered separately. Claim 12 does not, for example, purport to improve the functioning of the processor or computing system themselves. Nor does it effect an improvement in any other technology or technical field. Instead, the claim amounts to nothing significantly more than an instruction to collect, arrange, and display data using generic computer system components. That is not enough to transform an abstract idea into a patent-eligible invention. *See Alice*, 134 S. Ct. at 2360.

Appellant also argues that “the recited features do not preempt other techniques for compliance with the [U.S. Department of Labor] regulations.” (Appeal Br. 6.) We do not find this preemption argument persuasive of error.

Preemption is not a separate test.

To be clear, the proper focus is not preemption *per se*, for some measure of preemption is intrinsic in the statutory right granted with every patent to exclude competitors, for a limited time, from practicing the claimed invention. *See* 35 U.S.C. § 154. Rather, the animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that, in the words of the Supreme Court, add “significantly more” to the basic principle, with the result that the claim covers significantly *less*. *See Mayo*[], 566 U.S. at 72–73].

CLS Bank Int'l v. Alice Corp. Pty. Ltd., 717 F.3d 1269, 1281 (Fed. Cir. 2013) (Lourie, J., concurring), *aff'd*, 134 S. Ct. 2347 (2014). Moreover, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015). In other words, “preemption may signal patent ineligible subject matter, [but] the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

In view of the above, we agree with the Examiner that claim 12 is directed to a judicial exception without significantly more. Dependent claims 15–19, 21, and 22 are not separately argued and fall with claim 12. *See* 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

The Examiner’s rejection of claims 12, 15–19, 21, and 22 under 35 U.S.C. § 101 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)(1)(iv).

AFFIRMED