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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte PHILIP M. GINSBERG and HOWARD W. LUTNICK¹

Appeal 2018-004776
Application 13/844,299
Technology Center 3600

Before MURRIEL E. CRAWFORD, BIBHU R. MOHANTY, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134(a) of the final rejection of claims 1, 3, 5, 14, 15, 17, 35, 37, 40, 47, 48, 54, and 55 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

We AFFIRM.

¹ According to Appellants, the real party in interest is CFPH, LLC.
App. Br. 3.

THE INVENTION

The Appellants' claimed invention is directed to trading, exchanging, creating, and managing accounts (Spec., para. 3, line 1). Claim 1, reproduced below with the italics added, is representative of the subject matter on appeal.

1. A method comprising:

receiving, by at least one processor of at least one computer in electronic communication with a plurality of other computers via an electronic communications network, from a first computing device *an instruction to create an account*;

receiving, by the at least one processor, *from the first computing device a designation of a plurality of accountholders of the account*;

receiving, by the at least one processor, from the first computing device *a designation of a subset of the plurality of accountholders authorized to withdraw funds out of the account*;

receiving, by the at least one processor, from the first computing device, *authorization information about one or more accountholders authorized to trade assets in the account*, the authorization information indicating that a user is authorized to trade assets in the account;

receiving, by the at least one processor, from the first computing device *a designation of rules specifying how accountholders may be added or removed from the account*;

causing, by the at least one processor, *the account to be activated*;

after causing the account to be activated, receiving from each of a plurality of accountholders an instruction to transfer funds from the respective accountholder to the account;

after causing the account to be activated, receiving, by the at least one processor, from a second computing device that is associated with the user, a request to trade an asset of the account;

identifying, by the at least one processor, whether the request to trade an asset of the account includes data indicative of a request to sell a financial instrument in the account, *a request to purchase a financial instrument for the account, or a request to exchange at least*

a portion of a financial instrument in the account for at least a portion of another financial instrument outside the account;

determining, by the at least one processor, that the second computing device is authorized to request to trade an asset of the account based on the received authorization information;

responsive to determining that the second computing device is authorized to request to trade an asset of the account based on the received authorization information, causing, by the at least one processor, the requested trade to occur;

after causing the account to be activated, adding, by the at least one processor, a new accountholder to the account in accordance with the rules specifying how accountholders may be added or removed;

receiving, by the at least one processor, a video tutorial about a financial concept from an accountholder of the account;

causing, by the at least one processor, an indicia of the video to be displayed to a plurality of users;

receiving, by the at least one processor, a selection of the indicia by a user;

responsive to the selection, causing, by the at least one processor, the video to be displayed to the user;

causing, by the at least one processor, a rating indicia associated with the video to be displayed to the user;

receiving, by the at least one processor, a selection of the rating indicia;

responsive to receiving a selection of the rating indicia, prompting, by the at least one processor, the user for rating information about the video; and

receiving, by the at least one processor, rating information about the video.

THE REJECTIONS

The following rejections are before us for review:

1. Claims 1, 3, 5, 14, 15, 17, 35, 37, 40, 47, 48, 54, and 55 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

2. Claims 1, 5, 17, 35, 37, 40, 47², 48, 54, and 55 are rejected under 35 U.S.C. § 103(a) as unpatentable over Livnat (8,301,502 B2; Oct. 30, 2012), Sidikman (US 7,110,981 B1; Sept. 19, 2006), and Avedissian (US, 2013/0283,307 A1; Oct. 24, 2013).

3. Claims 3, 14, and 15 are rejected under 35 U.S.C. § 103(a) as unpatentable over Livnat, Sidikman, Avedissian, and Fitzpatrick (US 7,917,427 B2; Mar. 29, 2011).

FINDINGS OF FACT

We have determined that the findings of fact in the Analysis section below are supported at least by a preponderance of the evidence³.

ANALYSIS

Rejection under 35 U.S.C. § 101

The Appellants argue that the rejection of claim 1 is improper because the claim is not directed to an abstract idea (App. Br. 12). The Appellants argue further that the claim is “significantly more” than the alleged abstract idea (App. Br. 13, 14).

In contrast, the Examiner has determined that the rejection of record is proper (Final Action 2, 3; Ans. 4-6).

We agree with the Examiner. An invention is patent eligible if it claims a “new and useful process, machine, manufacture, or composition of

² The omission of claim 47 from the claim listing here is considered a typographical error.

³ See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

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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. 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, 192 (1981)); “tanning, dyeing, making waterproof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 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 191 (“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 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.* (internal citation omitted) (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.”).

The PTO recently published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Guidance”). Under the 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 activity 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 is 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 Guidance.

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 (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.* (alterations in original) (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.*

Here, the Examiner has determined that the claim is directed to the concept of “creating [an] account for a group of accountholders with certain restrictions for individual accountholders, and displaying video” which is a method of organizing human activity, an abstract idea (Ans. 4). We substantially agree with the Examiner in this regard as claim 1 is directed to the steps in italics in the claim above. These steps are directed to the creation of accounts and user authorizations for the accounts which is a fundamental economic practice or method of organizing human activities and directed to an abstract idea. Courts have found claims directed to collecting, recognizing, and storing data in a computer memory to be directed to an abstract idea. *Content Extraction and Transmission LLC v. Wells Fargo Bank, National Association*, 776 F.3d 1343 (Fed. Cir. 2014); *See Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016) where collecting information, analyzing it, and displaying results from certain results of the collection and analysis was held to be an abstract idea. In *Buysafe, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) it was held that claims drawn to creating a contractual relationship are directed to

an abstract idea. In *Int. Ventures I LLC v. Capital One Financial*, 850 F.3d 1332, 1340 (Fed. Cir. 2017) it was held that collecting, displaying, and manipulating data was directed to an abstract idea.

Thus, we consider the claim to be directed to a judicial exception as identified above.

The claims do not improve computer functionality, improve another field of technology, utilize a particular machine, or effect a physical transformation. Rather, we determine that nothing in the claims imposes a meaningful limit on the judicial exception, such that the claims are more than a drafting effort to monopolize the judicial exception.

For example, in independent claim 1, the steps of: [1] “receiving ... an instruction to create an account”; [2] “receiving ... a designation of the plurality of accountholders of the account”; [3] “receiving ... authorization information indicating that a user is authorized to trade assets in the account”; [4] “receiving ... designation of rules specifying how accountholders may be added or removed from the account”; [5] “receiving ... an instruction to transfer funds”; [6] “identifying ... whether a request to trade an asset of the account includes data indicative of a request to sell a financial instrument in the account”; [7] “receiving ... a video tutorial about a financial concept from an accountholder of the account”; [8] “receiving ... a selection of the indicia by a user”; [9] “causing ... a rating indicia associated with the video to be displayed to the user”; [10] “receiving ... a selection of the rating indicia”; and [11] “receiving ... rating information about the video” are merely conventional steps performed by a generic computer that do not improve computer functionality. *See, e.g., Spec.* ¶¶ 68–80. That is, these recited steps [1]-[11] “do not purport to improve the functioning of the computer itself” but are merely generic functions

performed by a conventional processor. Likewise, these same steps [1]-[11] listed above do not improve the technology of the technical field and merely use generic computer components and functions to perform the steps. Also, the recited method steps [1]-[11] above do not require a “particular machine” and can be utilized with a general purpose computer, and the steps performed are purely conventional. In this case the general purpose computer is merely an object on which the method operates in a conventional manner. Further, the claim as a whole fails to effect any particular transformation of an article to a different state. The recited steps [1]-[11] fail to provide meaningful limitations to limit the judicial exception and rather are mere instructions to apply the method to a generic computer.

Considering the elements of the claim both individually and as “an ordered combination” the functions performed by the computer system at each step of the process are purely conventional. Each step of the claimed method does no more than require a generic computer to perform a generic computer function. Thus, the claimed elements have not been shown to integrate the judicial exception into a practical application. *See* Guidance, 84 Fed. Reg. at 54–55. The Revised Guidance references the MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) §§ 2106.05(a)–(c) and (e)–(h).

Turning to the second step of the *Alice* and *Mayo* framework, we determine that the claim does not contain an inventive concept sufficient to “transform” the abstract nature of the claim into a patent-eligible application. The claim fails to add a specific limitation beyond the judicial exception that is not well-understood, routine, and conventional in the field. Rather the claim uses well-understood, routine, and conventional activities previously known in the art and they are recited at a high level of generality. The Specification at paragraphs 68–80 for example describes using conventional

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computer components such as general purpose computers, processors, floppy disks, database, and a network in a conventional manner. The claim specifically includes recitations for a processor of at least one computer to implement the method but these computer components are all used in a manner that is well-understood, routine, and conventional in the field. The Appellants have not shown these claimed generic computer components which are used to implement the claimed method are not well understood, routine, or conventional in the field. The Appellants have not demonstrated that the processor described in the Specification at page 70 or the claimed processor for instance are not a general purpose computer components beyond those known to be routine and conventional known to perform similar functions in a well-understood manner. Here, the claim has not been shown to be “significantly more” than the abstract idea.

The Appellants argue at page 13 that the claim provides “a set of rules that improve computer related technology by allowing the computer to perform a function not previously performable by a computer” (App. Br. 13). We disagree with this contention as the Appellants have not specifically shown how the computer substrate actually functions in a different manner on a technical level rather than functioning in a generic manner.

We note the point about pre-emption (App. Br. 15). While pre-emption “might tend to impede innovation more than it would tend to promote it, ‘thereby thwarting the primary object of the patent laws’” (*Alice*, 134 S. Ct. at 2354 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012)), “the absence of complete preemption does not demonstrate patent eligibility” (*Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015)). See also *OIP*

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Techs., Inc. v. Amazon.com, Inc., 788 F.3d 1359, 1362–63 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 701, 193 (2015)(“[T]hat 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.”).

The Appellants in the Appeal Brief at page 15 have also cited to *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) but the claims in that case are distinguished from this case in being directed to rules for lip sync and facial expression animation.

For these above reasons, the rejection of claim 1 is sustained. The Appellants have provided the same arguments for the remaining claims which are directed to similar subject matter and the rejection of these claims is therefore sustained for the same reasons given above.

Rejection under 35 U.S.C. § 103(a)

The Appellants argue that the rejection of claim 1 is improper because the prior art does not disclose “a video tutorial about a financial concept from an account holder of the account” (App. Br. 17–19).

In contrast, the Examiner has determined that the rejection of record is proper (Ans. 7). The Examiner has determined that Avedissian does not explicitly recite a “tutorial about financial concept” but that the concepts are the same. The Examiner has determined that the content of the video is nonfunctional descriptive material (Ans. 7).

We agree with the Appellants. Even taking the content of the video to be nonfunctional descriptive material, here we determine that the cited combination of references and modifications lacks articulated reasoning with rational underpinnings. For this reason, this rejection is not sustained. The

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remaining claims are directed to similar claimed subject matter and the rejection of these claims is not sustained as well.

CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 1, 3, 5, 14, 15, 17, 35, 37, 40, 47, 48, 54, and 55 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

We conclude that Appellants have shown that the Examiner erred in rejecting claims 1, 5, 17, 35, 37, 40, 47, 48, 54, and 55 are rejected under 35 U.S.C. § 103(a) as unpatentable over Livnat, Sidikman, and Avediddian.

We conclude that Appellants have shown that the Examiner erred in rejecting claims 3, 14, 15 are rejected under 35 U.S.C. § 103(a) as unpatentable over Livnat, Sidikman, Avediddian, and Fitzpatrick.

DECISION

The Examiner's rejection of claims 1, 3, 5, 14, 15, 17, 35, 37, 40, 47, 48, 54, and 55 is sustained.

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). *See* 37 C.F.R. § 41.50(f).

AFFIRMED