UNITED STATES PATENT AND TRADEMARK OFFICE

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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 SUNIL G. HIRANI, MAZYAR M. DAR, BENJAMIN LIS JR.,
MARK I. BEESTON, CHRISTOPHER J. CROWLEY,
MARC TEICHMAN, JOE BERARDO, and CLIVE P. DE RUIG

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Appeal 2018-006615
Application 11/882,090
Technology Center 3600

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BEFORE BIBHU R. MOHANTY, MICHAEL W. KIM, and
NINA L. MEDLOCK, *Administrative Patent Judges.*

KIM, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant[1] appeals from the
Examiner's decision to reject claims 1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49,
50, and 52–57. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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[1] We use the word " Appellant" to refer to "applicant" as defined in
37 C.F.R. § 1.42. Appellant identifies the real party in interest as Creditex
Group, Inc. Appeal Br. 1.

CLAIMED SUBJECT MATTER

The claimed invention "relates generally to methods and platforms that provide post-trade affirmation and messaging services." Spec. ¶ 2. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A computer-implemented affirmation method that improves throughput and operating efficiency of a downstream computer processing system, comprising:

assessing transaction details upstream of the downstream computer processing system, and only transmitting the transaction details to the downstream computer processing system if the transaction details are consistent, comprising:

receiving, by an electronic processing platform, transaction details from a remote first party computing device, the electronic processing platform positioned upstream and separate from the downstream computer processing system and comprising at least one processor, at least one server, and at least one database, the processor executing an affirmation model comprised of computer-readable instructions;

generating, by the electronic processing platform, an electronic communication comprising key details from the transaction details;

transmitting, by the electronic processing platform, the electronic communication to a second party computing device;

receiving, by the electronic processing platform from the second party computing device, one of a second party affirmation and a second party rejection, the second party affirmation comprising an indication that the key details are consistent;

updating, by the electronic processing platform, the electronic communication to reflect one of the second party affirmation and the second party rejection received from the second party computing device and transmitting the updated electronic communication to the remote first party computing device;

generating, by the electronic processing platform, one or more trade tickets comprising the transaction details for transmission to the downstream computer processing system only if the second party affirmation is received; and

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transmitting, by at least one of the electronic processing platform, the remote first party computing device and the second party computing device, the one or more trade tickets to the downstream computer processing system, said downstream computer processing system comprising at least one of an electronic transaction execution and transaction confirmation system, wherein no transaction details are transmitted to the downstream computer processing system unless and until the second party affirmation is received and the one or more trade tickets are generated based thereon.

REJECTION

The Examiner rejected claims 1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49, 50, and 52–57 under 35 U.S.C. § 112, second paragraph, as indefinite.

The Examiner rejected claims 1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49, 50, and 52–57 under 35 U.S.C. § 101 as directed to ineligible subject matter in the form of abstract ideas.

OPINION

Indefiniteness Rejections

The Examiner asserted that the claim term "key details," recited in independent claims 1, 7, and 17, is "unclear," because it "is unclear from the specification what 'key details' means as used in the claims." Non-Final Act. 4.[2]

Citing paragraphs 64, 76, 78, 82–84, 88, and 89 of the Specification, the Appellant argues "the skilled person would understand, that 'key details', when considered in light of the specification and in view of the

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[2] We refer here to the Non-Final Action mailed Aug. 28, 2017, which is the last rejection mailed by the Examiner.

claim limitations as a whole, refers to details needed in a transaction between two parties." Appeal Br. 12.

We agree with the Appellant. The Specification describes that in prior art methods,

> the dealer and the buyer then each submit the trade details to a matching platform such as Depository Trust & Clearing Corporation (DTCC) DERIV/Serv for execution. If the trade details do not match exactly the DTCC server does not execute the trade and the trade fails. The parties then have to reenter the details.

Spec. ¶ 5. The Specification further describes the claimed method

> helps ensure that all key economic details of a transaction are agreed upon by the counterparties to a trade. Preferably, this is accomplished immediately after the execution of the transaction between the counterparties – i.e., on the date of the trade. The platform reduces operational risks by ensuring accurate trade capture and by providing connectivity to support downstream processing of transactions outside of the platform.

Id. ¶ 69. We are persuaded that, based on at least the above portions of the Specification, the ordinary artisan would have understood "key details" to be those details needed by the matching platform to execute the trade.

The Examiner also asserted that the claim term "upstream," recited in every independent claim, is "unclear," because it "is unclear what 'upstream' means with regard to its use in the claims." Non-Final Act. 4. The Appellant argues "any skilled artisan would understand that the platform described in the specification is necessarily upstream from the systems to which it is delivering trade details." Appeal Br. 13.

We agree with the Appellant. The Specification describes actions that take place upstream from the downstream processing of transactions, which

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indicates that upstream is a system that performs actions before the downstream system operates on the same transaction.

We, thus, do not sustain the rejections under § 112.

Ineligible Subject Matter Rejection

The Appellant argues all claims together as a group. Appeal Br. 13–26. We select independent claim 1 as representative. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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. *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. 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.* (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 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.*

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* Manual of Patent Examining Procedure ("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, 84 Fed. Reg. at 56.

The Examiner asserts that the claims concern "the abstract idea of allowing parties to affirm trades with their counterparties prior to processing." Non-Final Act. 6.

Independent claim 1 recites "receiving . . . transaction details from a remote first party," "generating . . . [a] . . . communication comprising key details from the transaction details," "transmitting . . . the . . communication to a second party," "receiving . . . from the second party . . . , one of a second party affirmation and a second party rejection, the second party affirmation comprising an indication that the key details are consistent," "updating . . . the . . . communication to reflect one of the second party affirmation and the second party rejection received from the second party . . . and transmitting the updated . . . communication to the remote first party," and "generating . . . one or more trade tickets comprising the transaction details . . . only if the second party affirmation is received." These are all consistent with the Examiner's assertion that the claims concern "allowing parties to affirm trades with their counterparties prior to processing," in that these are all steps one would undertake to affirm a trade. We have no trouble determining that "allowing parties to affirm trades with their counterparties prior to processing" is one or more of a "fundamental economic practice," "[a] commercial or legal interaction," such as "sales activities" and "business relations," as well as "managing . . . interactions between people." Final Act. 2–3; Guidance, 84 Fed. Reg. at 52. Independent claim 1, thus, recites at least one of certain methods of organizing human activity which have been recognized by the courts as abstract ideas. *Id.*; *see e.g.*, *Alice*, 573 U.S. at 219 ("On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*,

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the use of a third party to mitigate settlement risk."); *Bilski*, 561 U.S. at 611 ("Claims 1 and 4 in petitioners' application explain the basic concept of hedging, or protecting against risk."); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354–55 (Fed. Cir. 2014) ("The claims are squarely about creating a contractual relationship—a 'transaction performance guaranty'— that is beyond question of ancient lineage."). We, therefore, agree with the Examiner that claim 1 recites an abstract idea.

Having concluded the independent claim 1 recites an abstract idea, we next consider whether the claim "integrates the recited judicial exception into a practical application of the exception." Guidance, 84 Fed. Reg. at 54.

Here, in addition to steps for "allowing parties to affirm trades with their counterparties prior to processing," independent claim 1 recites "additional elements" of a "first party computing device," "second party computing device," "downstream computer processing system," "electronic processing platform," and "electronic communication." For purposes of this analysis, the specific content of the data that are communicated within the claimed method (the "electronic communication" and "trade ticket[]") is merely part of "allowing parties to affirm trades with their counterparties prior to processing," and thus not an "additional element." We are unpersuaded that the above identified additional elements are sufficient to integrate "allowing parties to affirm trades with their counterparties prior to processing" into a practical application.

Specifically, the limitations of independent claim 1, whether considered individually or as a whole, do not purport to improve the underlying "electronic processing platform," because, as claimed, we discern that any computer can be used to execute the claimed method. *See*

Guidance, 84 Fed. Reg. at 56; *see also* MPEP § 2106.05(a). For example, the Specification describes that the "platform is a connectivity and messaging platform." Spec. ¶¶ 56, 73. Connectivity and messaging are basic functions of any network-connected, general-purpose computer, as is communicating via "an electronic API, a graphical user interface (GUI), or an e-mail message." Spec. ¶ 76. The Appellant essentially admits the general-purpose nature of the claimed platform, when arguing that the Examiner erred in referring only to paragraph 77 of the Specification as describing the general-purpose nature of the platform. Appeal Br. 24 ("patent eligible subject matter may take the form of <u>logic</u> embodied on otherwise generic computer components"). Rather than directing us to descriptions of the platform that show it is more than merely a general-purpose computer, the Appellant asserts the "invention clearly includes an inventive concept that improves the functioning of conventional computer systems in this art." *Id.*

The Appellant does not argue that the claimed invention in any way improves the "first party computing device," "second party computing device," or "electronic communication" in general. Rather, the Appellant argues that by avoiding work on the "downstream computer processing system," (essentially by shifting work to the "electronic processing platform,") the "downstream computer processing system" is improved, which we address next.

Specifically, against the backdrop of arguing that the claimed invention "improves the functioning of conventional computer systems" (Appeal Br. 24), the Appellant argues the claimed invention includes "special-purposed and specially-configured computer components that,

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when implemented in the claimed ordered combination, constitute a differently-configured system that improves throughput and operating efficiency (i.e., the functioning) of a downstream computer processing system." Appeal Br. 15. According to the Appellant, and citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) for support, by inserting the general-purpose "platform," which communicates with trade parties before submitting potentially flawed trade information to an execution system, the platform avoids the execution system needing to be involved in "notifying the parties of the inconsistencies, rejecting the transaction details, [or] re-processing the transaction details after the parties re-submit them." *Id.* We view this as essentially shifting the work from one computer to another, which does not improve the underlying mode of operation of the execution system, because by merely having less work to do, the system does not alter the way the "downstream computer processing system" operates. *Id.* We are unpersuaded that is any improvement to any computer recited in independent claim 1.

Indeed, as written, independent claim 1, at best, "improves throughput and operating efficiency" by using computers. Appeal Br. 15–17. However, "merely adding computer functionality to increase the speed or efficiency of the process does not confer patent eligibility on an otherwise abstract idea." *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1370 (Fed. Cir. 2015).

In addition, independent claim 1 concerns "allowing parties to affirm trades with their counterparties prior to processing," described similarly in the Specification as "post-trade affirmation and messaging services" (Spec. ¶ 2), and as such does not even mention technology, let alone improve it,

because independent claim 1 merely recites steps for affirming and communicating messages as part of trade transactions. MPEP § 2106.05(a). And because the computers are generic, by definition, a particular computer is not required, indicating that independent claim 1 also does not define or rely on a "particular machine." MPEP § 2106.05(b); *see also* Guidance, 84 Fed. Reg. at 56. Further, the method does not transform matter to a different state or thing. MPEP § 2106.05(c). Instead, the claim receives, generates, transmits, receives, and updates data. As such, the method has no other meaningful limitations (MPEP § 2106.05(e)), and, thus, merely recites instructions to execute the abstract idea on a computer (MPEP § 2106.05(f)).

Thus, we determine that claim 1 does not integrate the judicial exception into a practical application.

We are unpersuaded by the Appellant's argument that the claimed invention "include features for causing computer components to function in a manner that is unconventional." Appeal Br. 17. The "features" are, according to the Appellant, the portion of the method for "affirmation." Appeal Br. 17–18. As we noted above, a general-purpose computer that receives, generates, transmits, and updates data is performing conventional functions, because the operations of storing, analyzing, receiving, and writing data are primitive computer operations found in any computer system. *See In re Katz Interactive Call Processing Patent Litig*., 639 F.3d 1303, 1316 (Fed. Cir. 2011) ("Absent a possible narrower construction of the terms 'processing,' 'receiving,' and 'storing,' discussed below, those functions can be achieved by any general purpose computer without special programming.").

Citing *DDR Holdings v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), the Appellant argues "the claims are necessarily rooted in computer technology and they overcome a computer-centric problem specifically arising in the realm of computer networks," and "do not simply apply a known business practice from the pre-Internet world to computers or the Internet." Appeal Br. 18–19.

We disagree with the Appellant. Electronic trading platforms, even for complex transactions such as "credit derivatives" (Spec. ¶ 4), are not the only situation where agreement between trading partners is necessary to complete a trade transaction. Take, for instance, a typical real estate transaction. Though parties may even verbally agree to a sale ("I'll buy your house for your asking price"), a licensed real estate agent involved in the transaction will know that several "key details" of the transaction must be agreed upon, in writing, before a closing/escrow agent will be able to complete the sales transaction at closing. These details may include price, dates, conditions on the offer or its acceptance such as financing or inspection results, performance by third parties such as lenders, and so on. Typically, the agent presents a written offer from the buyer to the seller, who may agree or change terms. If the terms are changed, the offer must be further affirmed by the buyer. This process continues until all the "key details" are memorialized, and then passed to a closing/escrow agent as an affirmed trade transaction agreement, analogous to the claimed "trade ticket."

In this situation, the real estate agent is essentially performing the functions of the claimed "electronic processing platform," on behalf of the claimed "first" and "second" parties, before sending an affirmed agreement

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to the closing/escrow agent, which is analogous to the "downstream computer processing system." This process does not require the use of the Internet, and does not involve shortcomings in, or improvements to, any computer technology, because it is a basic business process, which has been in use in our system of commerce for countless years.

Thus, the claimed system which separates this function from the "downstream computer processing system," and moves it to a separate "electronic processing platform," does not address a problem which *only* occurs in computer networks or centered on computers, and *does* merely apply a known business practice from the pre-Internet world to computers.

We are also unpersuaded by the Appellant's argument, citing *Diamond v. Diehr*, that the claimed invention is patent eligible "because its components are controlling other technology/components." Appeal Br. 19–20. The claims here receive, create, and update data, and transmit data to other computers. One computer sending data to other computers does not control "other technology," unlike the computer in *Diehr*, which controlled a rubber-molding machine. *Diehr*, 450 U.S. at 184.

The Appellant also argues independent claim 1 is subject matter eligible because of a "lack of preemption." Appeal Br. 20. "The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability" and "[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice*, 573 U.S. at 216).

We are unpersuaded by the Appellant's argument that "[s]imilar to the claims in *McRO*,[3] the Appellant's claims also define a specific and novel set of rules that enable processing tasks that previously could not be performed." Appeal Br. 21. As explained in our real estate example, not only could the claimed functions be performed before the claimed method and systems, they are routinely performed in our system of commerce. In addition, merely having a new abstract idea (alleged on the basis of the lack of a pending prior art rejection) does not transform an ineligible abstract idea into eligible subject matter. Even unconventional abstract ideas are still unpatentable. . "What is needed is an inventive concept in the non-abstract application realm." *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018).

We are not persuaded, as the Appellant asserts, that the claims are patent eligible "because the claims include an ordered combination of elements that, when taken as a whole, improve upon prior art processes, and also provide a benefit to end users, as did the eligible claims in *Bascom*." Appeal Br. 22.

In *BASCOM v. Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016), the Federal Circuit held that "[t]he inventive concept described and claimed . . . is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user." *Id.* at 1350. The court explained that the remote location of a filtering tool having customizable user-specific filtering features provides the filtering tool both the benefits of a filter on a local

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[3] *McRO, Inc. v. Bandai Namco Games Am., Inc.*, 837 F.3d 1299 (Fed. Cir. 2016).

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computer and the benefits of a filter on the ISP server, which is a technical improvement over prior art ways of filtering content. *Id*. at 1350–51. Here, the Appellant has not demonstrated any particular arrangement in the claim as providing an inventive concept parallel to *BASCOM* in claiming a technology-based solution, because the claim merely implements a well-known business process on a general-purpose computer.

We have considered the Appellant's other arguments, directed to alleged shortcomings in the Examiner's analysis of the claimed invention, and determine that they are unpersuasive in light of the above analysis. Appeal Br. 23–28.

The Appellant has not persuaded us of error in the Examiner's rejection of claims as directed to ineligible subject matter in the form of abstract ideas. For this reason, we sustain the rejection under 35 U.S.C. § 101.

DECISION

The Examiner's rejection under 35 U.S.C. § 112, second paragraph, is reversed.

The Examiner's rejection under 35 U.S.C. § 101 is affirmed.

CONCLUSION

Claims Rejected	35 U.S.C. §	Reference(s)/ Basis	Affirmed	Reversed
1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49, 50, 52–57	112, second paragraph	Indefiniteness		1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49, 50, 52–57
1, 2, 4, 5, 7, 10–15, 17–26,	101	Eligibility	1, 2, 4, 5, 7, 10–15, 17–26,	

Claims Rejected	35 U.S.C. §	Reference(s)/ Basis	Affirmed	Reversed
28–46, 49, 50, 52–57			28–46, 49, 50, 52–57	
Overall Outcome			1, 2, 4, 5, 7, 10–15, 17–26, 28–46, 49, 50, 52–57	

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. § 1.136(a)(1)(iv).

AFFIRMED