



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/268,339	11/10/2008	George A. Castineiras	002328.0782	8016
5073	7590	03/23/2020	EXAMINER	
BAKER BOTTS L.L.P. 2001 Ross Avenue, Suite 900 Dallas, TX 75201			CHAKRAVARTI, ARUNAVA	
			ART UNIT	PAPER NUMBER
			3693	
			NOTIFICATION DATE	DELIVERY MODE
			03/23/2020	ELECTRONIC

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

PTOmail1@bakerbotts.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GEORGE A. CASTINEIRAS, CHRISTINE C. MARCKS,
and JOHN J. KALAMARIDES

Appeal 2018-008883
Application 12/268,339
Technology Center 3600

Before MAHSHID D. SAADAT, ST. JOHN COURTENAY III, and MARC
S. HOFF, *Administrative Patent Judges*.

SAADAT, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision to reject claims 1, 2, 4–6, 9, 10, and 31–34, which are all the claims pending in this application. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ We use the word “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42(a). Appellant identifies the real party in interest as The Prudential Insurance Company of America. Appeal Br. 2.

STATEMENT OF THE CASE

Introduction

Appellant's disclosure is directed to a system for "offering a financial plan to a customer, for transferring risk associated with the financial plan" by "receiving indemnification from an issuer managing the financial plan, such that the indemnification indemnifies the sponsor of the financial plan for one or more claims brought by the customer of the financial plan and associated with a financial account associated with the financial plan" wherein an approval status is determined "based on the financial risk assessment" to indicate whether the business entity is approved to receive a financial service. *See* Spec. 4:2–11. Claim 1 is illustrative of the invention and reads as follows:

1. A system, comprising:
 - one or more memory modules; and
 - one or more processors communicatively coupled to the one or more memory modules, operable to:
 - generate a notice for an employee of a financial plan managed by an indemnitor, the employee being employed by an indemnitee, the notice notifying the employee that the employee will be enrolled in the financial plan unless the employee elects to opt out of one or more features of the financial plan, the indemnitor indemnifying the indemnitee for one or more claims that may be brought by the employee and associated with a financial account, the financial account associated with the financial plan, the notice comprising a graphical user interface that allows the employee to elect to waive at least a portion of the one or more future litigation claims based on a financial performance of the financial account in order to opt-out of the one or more features of the financial plan;
 - in response to an election by the employee to waive at least the portion of the one or more future litigation claims in

order to opt-out of the one or more features of the financial plan, associate an indicator with the employee, the indicator representing the election of the waiver and the opt-out by the employee;

allocate all or a portion of a financial contribution to the financial account having a plurality of financial investments, the plurality of financial investments comprising at least one investment from a first investment category and at least one investment from a second investment category, wherein an expected rate of return of the combination of investments in the first investment category exceeds an expected rate of return of the combination of investments in the second investment category and a risk of the combination of investments in the first investment category exceeds a risk of the combination of investments in the second investment category;

periodically distribute a balance of the financial account such that a first portion of the balance of the financial account is invested in one or more investments from the first investment category and a second portion of the balance of the financial account is invested in one or more investments from the second investment category, wherein a ratio of the first portion to the second portion decreases over time;

determine that the employee has reached a particular age;

in response to the determination that the employee has reached the particular age at a first time, determine a base value, the base value being substantially equal to the balance of the financial account;

in response to determining the base value, generate a second notice indicating to the customer a guaranteed growth rate of the financial account and indicating the customer will receive the guaranteed growth rate only if the customer declines to opt-out, the guaranteed growth rate based on the base value;

determine that a withdrawal has occurred at a second time, the second time being after the first time;

in response to determining that the withdrawal has occurred, calculate a protected value, the protected value being based at least in part upon the base value, the guaranteed

growth rate of the financial account, and a time period between the first time and the second time;

based on the protected value, calculate an income amount that a beneficiary of the employee is guaranteed to receive on a periodic basis; and

store the indicator in the one or more memory modules as evidence of the election of the waiver and the opt-out by the employee.

Appeal Br. A-1–A-2 (Claims App.).

The Examiner’s Rejection

Claims 1, 2, 4–6, 9, 10, and 31–34 stand rejected under 35 U.S.C. § 101 as directed to a judicial exception, without significantly more. Final Act. 2–5.²

ANALYSIS

Rejection and Arguments

The Examiner concludes “[t]he claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more.” Final Act. 2. The Examiner specifically finds “the independent claims describe fundamental economic practices that the courts have deemed abstract” and provides a list of court cases relating to the subject matter similar to Appellant’s claims as follows:

For example, mitigating settlement risk (Alice), hedging (Bilski), creating a contractual relationship (BuySAFE), managing a stable value protected investment plan (Bancorp), administration of financial accounts (Intellectual Ventures), arbitration (Comiskey), advancing payments based on future retirement benefits (Retirement Benefits), performing tax-deferred real estate exchanges (Fort Properties), implementing rules based tasks for processing insurance claims (Accenture),

² The Examiner withdrew the final rejection of claims 1, 2, 4–6, 9, 10, and 31–34 under § 103. See Ans. 3.

collecting and analyzing information (Electric Power, FairWarning), data recognition and storage (Content Extraction), obtaining and comparing intangible data (Cybersource), and, organizing information through mathematical correlations (Digitech).

Final Act. 4–5. The Examiner also finds

The additional element(s) or combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than: (i) mere instructions to implement the idea on a computer, and/or (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry. Viewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself.

Final Act. 5.

Appellant contends the claimed invention is not directed to an abstract idea because it is directed to “unique and unconventional systems that manage a financial plan,” that “either do not allow opting out or saves the employee’s response in a more complicated and larger format than an indicator, thereby conserving resources and bandwidth.” Appeal Br. 7. Appellant argues that the pending claims do not preempt all ways of implementing the idea because they “recite a specific, unconventional implementation of managing a financial plan and thus do not attempt to cover all implementations of doing so.” *Id.* Appellant also argues the claims include an inventive concept because, unlike the conventional systems that “may not allow an electronic option for an employee to waive and/or opt-out of a financial plan,” independent claim 1 requires, in part, associating an indicator to the employee’s selection which “conserves

resources and bandwidth” and automatically distributing funds which decreases “the ratio of the high risk investments to the low risk investments.” Appeal Br. 9. Appellant also contends the Examiner has not established, by citing or providing any evidence, that the additional elements are well-understood, routine, or conventional as required by April 2018 Memorandum (referring to *Berkheimer v. HP*, 881 F.3d 1360 (Fed. Cir. 2018)). Appeal Br. 10.

Legal Principles

“Whether a claim is drawn to patent-eligible subject matter is an issue of law that we review de novo.” *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1331 (Fed. Cir. 2010).

Section 101 of the Patent Act provides “[w]hoever 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. 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. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (internal quotation marks and citation omitted).

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, 67 (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 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

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.* (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 published revised guidance on the application of § 101. USPTO, 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) (Step 2A, Prong 1); 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)) (9th Ed., Rev. 08.2017, 2018) (Step 2A, Prong 2).

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. (Step 2B.)

See Guidance, 84 Fed. Reg. at 54–56.

Abstract Idea

Independent claim 1 recites an abstract idea because the claim recites a method of organizing human activities, one of the abstract idea groupings listed in the Guidance. *See*, 84 Fed. Reg. at 52, 53 (listing “[c]ertain methods of organizing human [activities] such as fundamental economic principles or practices (including mitigating risk) and commercial or legal interactions (including marketing or sales activities or behaviors; business relations) as one of the “enumerated groupings of abstract ideas”).

The Specification at page 4 states that the invention generally relates to a sponsor offering a financial plan to a customer and transferring risk associated with the financial plan. The claimed system includes memory modules and processors that are operable to “generate a notice . . . notifying the employee” of enrolment in a plan and receiving an election by the employee, “allocate all or a portion of a financial contribution,” “distribute a balance of the financial account,” and upon determining that the employee has reached a certain age, generate a second notice related to growth rate, withdrawal, and an income amount. *See* Appeal Br. A-1–A-2 (Claims App.).

Claim 1 recites functions related to the concept of determining an employee’s enrollment election, allocating a portion of a financial distribution, distributing a balance of the account, determining a base value and a guaranteed growth rate, and calculating an income amount based on the employee’s age and further elections which do not require a machine, let alone a particular machine, to implement, and therefore fits squarely within the human activity organization category of the agency’s guidelines. *See* Guidance, 84 Fed. Reg. at 52 (listing exemplary methods of organizing human activity including (1) fundamental economic principles or practices, and (2) commercial or legal interactions). Additionally, the recited methods are abstract similar to collecting and analyzing information which was determined to be an abstract idea in *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089 (Fed. Cir. 2016) and how organizing and manipulating information through mathematical correlations was an abstract idea in *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014). Courts have also 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). Similar to *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014), functions performed according to a created contractual relationship are abstract. Thus, we determine that the claim relates to the judicial exception identified above.

Although claim 1 recites an abstract idea based on these methods of organizing human activity, we nevertheless must still determine whether the abstract idea is integrated into a practical application, namely whether the claim applies, relies on, or uses the abstract idea in a manner that imposes a meaningful limit on the abstract idea, such that the claim is more than a drafting effort designed to monopolize the abstract idea. *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). We therefore (1) identify whether there are any additional recited elements beyond the abstract idea, and (2) evaluate those elements individually and collectively to determine whether they integrate the exception into a practical application. *See id.*

Here, the claims do not improve computer functionality, improve another field of technology, utilize a particular machine, or effect a particular 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 claim 1 the steps of (1) “generate a notice,” (2) “in response to an election . . . , associate an indicator with the employee,” (3) “allocate all or a portion of a financial contribution to the financial

account,” (4) “determine that the employee has reached a particular age,” (5) “in response to the determination that the employee has reached the particular age at a first time, determine a base value,” (6) “in response to determining the base value, generate a second notice indicating to the customer a guaranteed growth rate,” (7) “determine that a withdrawal has occurred at a second time,” (8) “in response to determining that the withdrawal has occurred, calculate a protected value,” (9) based on the protected value, calculate an income amount,” and (10) “store the indicator” are merely steps performed by a generic computer that do not improve computer functionality. That is, these recited steps (1)–(10) “do not . . . purport to improve the functioning of the computer itself” but are merely generic functions performed by a conventional processor. *Alice*, 573 U.S. at 255. Likewise, these same steps (1)–(10) 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)–(10) 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. *See Spec.* 54: 10–20, 55:8–16 (describing the processing module as a generic computer or similar devices and the memory as any common type of storage device). Further, the claim as a whole fails to effect any particular transformation of an article to a different state. The recited steps (1)–(10) fail to provide meaningful limitations to limit the judicial exception and rather are mere instructions to apply the method to a generic computer.

In another words, contrary to Appellant’s assertion (Reply Br. 2–3), even assuming, without deciding, that the claimed invention includes “a tangible system that manages a financial plan in a particular, unique, and unconventional ,way,” any speed increase or efficiency comes from the capabilities of the generic computer components—not the recited process itself. *See FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1095 (Fed. Cir. 2016) (citing *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.”)). Like the claims in *FairWarning*, the focus of claim 1 is not on an improvement in computer processors as tools, but on certain independently abstract ideas that use generic computing components as tools. *See FairWarning*, 839 F.3d at 1095 (citations and quotation marks omitted). Simply adding generic hardware and computer components to perform abstract ideas does not integrate those ideas into a practical application. *See Guidance*, 84 Fed. Reg. at 55 (identifying “merely includ[ing] instructions to implement an abstract idea on a computer” as an example of when an abstract idea has not been integrated into a practical application).

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 as set forth in the

Revised Guidance which references the MPEP §§ 2106.05(a)–(c) and (e)–(h).

Inventive Concept

Because we determine claim 1 is “directed to” an abstract idea, we consider whether claim 1 recites an “inventive concept” sufficient to “transform” the abstract nature of the claim into a patent-eligible application.

The Examiner finds that claim 1 does not recite an inventive concept because Appellant’s disclosure shows the components for performing the recited functions include the “Issuer Computer and Network (Figs. 7A, 7B)” and a general purpose computer depicted (Fig. 9). Ans. 7. The Examiner further explains “the technological environment recited in the claims invokes or contains no more than purely functional, routine and generic components” such as “generating notice notifying employees, associating an employee with an indicator, allocating contributions, distributing account balance, determining employee age, determining base value, determining withdrawal, calculating protected value, income amount and storing indicators,” which are “no more than insignificant pre or post solution data gathering activities.” Ans. 8; *see also* Ans. 8–10 (analyzing the recited functions). The Examiner relies on Appellant’s Specification and Drawings, related court cases, and what is well-understood, routine, and conventional as evidence for lack of inventive concept. Ans. 11–12.

We agree. The additional elements recited in the claim include the steps of monitoring and recording usage data, generating and determining the reliability measure and approval, and verifying and notifying the status, which are recited at a high level of generality, and the written description indicates that these steps are performed by generic computer components.

See, e.g., Spec. ¶¶ 51–52. Using generic computer components to perform abstract ideas does not provide the necessary inventive concept. *See Alice*, 573 U.S. at 223 (“[T]he mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.”). Thus, these elements, taken individually or together, do not amount to “significantly more” than the abstract ideas themselves.

Appellant contends that various elements recited in the claim, such as “receiving an employee response either waiving or opting out of the financial plan” where “the system generates an indicator for the employee that represents the employee’s election,” improve a technology or technical field and “solves the problem of conventional systems that either do not allow opting out or saves the employee’s response in a more complicated and larger format than an indicator, thereby conserving resources and bandwidth.” Reply Br. 3. According to Appellant, another such improvement is conserving computational resources when “the system automatically distributes the funds in the financial account among various investments (e.g., high risk and low risk), such that the ratio of the high risk investments to the low risk investments decreases over time.” *Id.* Lastly, Appellant asserts “[b]ecause the claimed data processing system includes additional, useful functionality that prior art data processing systems did not perform, the claimed feature improves a technology or technical field, and are patent eligible.” Reply Br. 4.

However, these elements form part of the recited abstract ideas and thus are not “additional elements” that “transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78); *see also* Guidance, 84 Fed. Reg. at 55 n.24 (“USPTO

guidance uses the term ‘additional elements’ to refer to claim features, limitations, and/or steps that are recited in the claim *beyond the identified judicial exception.*” (Emphasis added)). 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 pages 53–56 for example, describes using conventional computer components shown in Figures 7A–7B, such as a processor, memory, interface, and communications network in a conventional manner. Similarly, as found by the Examiner (*see* Ans. 7), Figure 9 also illustrates examples of such additional elements, which are described as generic components in pages 59–62. The claim specifically includes recitations for a processor and memory to implement the method, but these components are all used in a manner that is well-understood, routine, and conventional in the field. In response to the Examiner’s specific findings (*see* Final Act. 2–5; Ans. 11–12), Appellant has not provided any rebuttals nor shown these claimed generic computer components which are used to implement the claimed method are not well-understood, routine, or conventional in the field. Here, the claim has not been shown to be “significantly more” than the abstract idea.

Conclusion

For at least the above reasons, we agree with the Examiner that claim 1 is “directed to” an abstract idea and does not recite an “inventive concept.” Accordingly, we sustain the Examiner’s rejection of claim 1 and the remaining claims which fail to include additional elements that add significantly more to the abstract idea, under 35 U.S.C. § 101.

DECISION SUMMARY

In summary:

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1, 2, 4–6, 9, 10, 31–34	101	Eligibility	1, 2, 4–6, 9, 10, 31–34	
Overall Outcome			1, 2, 4–6, 9, 10, 31–34	

FINALITY AND RESPONSE

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