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John A. Miller Shumaker, Loop & Kendrick, LLP 42690 Woodward Avenue Suite 300 Bloomfield Hills, MI 48304			MARCUS, LELAND R	
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tlopez@shumaker.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte J. NIRDOSH REDDY and ARVIND J. REDDY

Appeal 2019-000504
Application 13/683,805
Technology Center 3600

Before KALYAN K. DESHPANDE, JOYCE CRAIG, and
MATTHEW J. McNEILL, *Administrative Patent Judges*.

CRAIG, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the
Examiner's decision to reject claims 1–19, 22–26, and 28–31. *See* Final Act.

1. 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. Appellant identifies the real party in interest as named inventor J. Nirdosh Reddy. Appeal Br. 3.

CLAIMED SUBJECT MATTER

The claims are directed to a process review system for becoming globally competitive. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A computer system for managing processes in an organization where the system comprises:
 - a computer with a memory having instructions embodied on a non-transitory machine readable medium that:
 - determine a process flow for an organization with a global process flowchart having a set of processes, where a first process from the set of processes has a macro flowchart that has a sub-process, and the sub-process has a micro flowchart, and where the set of processes includes a set of primary processes and at least one enabling process, where the set of primary processes process the organization's orders, and the enabling process enables at least one primary process, and where a second process in the set of processes has an associated process leader who is responsible for the second process, where the first process and the second process can be the same process;
 - associates individual process summaries to individual processes from the set of processes, where each process summary has at least one related process selected from a list of a customer process, a supplier process and an interfacing process;
 - associates the related process with a parameter to measure, where the parameter to measure is an aspect of the individual process, and where the parameter has expectations for the measured values;
 - finds discrepancies between expectations for parameters that measure the same feature where one parameter is measuring the feature as output from an upstream process and the other parameter is measuring the feature as input to a downstream process, where the upstream process and the downstream process are members of the set of processes;
 - receives actual measurement information about the parameter from the processes in the organization, including automatically receiving actual measurement information from other systems; and

generates an exception report including a row for each exception and a plurality of columns, where an exception is any process from the global process flowchart set of processes having a measurement parameter whose actual measurement does not meet expectations or whose actual measurement information is missing, and the columns include identification of which process is an exception, a target value and a range for the expectations of the measurement parameter, actual measurement minimum and maximum values, percent of actual measurement outside of range, and a reason why the exception is included in the exception report.

REJECTION

Claims 1–19, 22–26, and 28–31 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to patent-ineligible subject matter. Final Act. 2–10.

ANALYSIS

Appellant argues that the Examiner’s rejection of claim 1 under 35 U.S.C. § 101 as directed to patent-ineligible subject matter is in error. To the extent Appellant has not advanced separate, substantive arguments for particular claims, or other issues, such arguments are waived. 37 C.F.R. § 41.37(c)(1)(iv). Appellant argues claims 1–19, 22–26, and 28–31 as a group. Appeal Br. 18. Given our discretion under 37 C.F.R. § 41.37(c)(1)(iv), we decide the § 101 rejection of claims 1–19, 22–26, and 28–31 based on representative claim 1.

Legal Standard

“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).

The Supreme Court’s two-step framework guides our analysis of patent eligibility under 35 U.S.C. § 101. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014). In addition, the Office published revised guidance for evaluating subject matter eligibility under 35 U.S.C. § 101, specifically with respect to applying the *Alice* framework. USPTO, 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019) (“Office Guidance”). If a claim falls within one of the statutory categories of patent eligibility (i.e., a process, machine, manufacture, or composition of matter) then the first inquiry is whether the claim is directed to one of the judicially recognized exceptions (i.e., a law of nature, a natural phenomenon, or an abstract idea). *Alice*, 573 U.S. at 217. As part of this inquiry, we must “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 Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016). Per Office Guidance, this first inquiry has two prongs of analysis (i) does the claim recite a judicial exception (e.g., an abstract idea), and (ii) if so, is the judicial exception integrated into a practical application. 84 Fed. Reg. at 54. Under the Office Guidance, if the judicial exception is integrated into a practical application, *see infra*, the claim is patent eligible under § 101. 84 Fed. Reg. at 54–55. If the claim is directed to a judicial exception (i.e., recites a judicial exception and does not integrate the exception into a practical application), the next step is to determine whether any element, or combination of elements, amounts to significantly more than the judicial exception. *Alice*, 573 U.S. at 217; 84 Fed. Reg. at 56. 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).

To summarize, under the current Office 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 for 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 Office Guidance.

Step 1

Claim 1, as a system claim, recites one of the enumerated categories of eligible subject matter in 35 U.S.C. § 101 (machine). *See* Office Guidance, 84 Fed. Reg. at 53–54 (citing MPEP §§ 2106.03, 2106.06).

Step 2A(i): Does the Claim Recite a Judicial Exception?

The Examiner determined that claim 1 is directed to “data collection and data analysis, specifically a process review system for becoming

globally competitive,” which is a certain method of organizing human activity, and thus an abstract idea. Final Act. 3. The Examiner also determined that claim 1 recites “a mental process (thinking) that ‘can be performed in the human mind, or by a human using a pen and paper.’” *Id.* at 4.

Consistent with Appellant’s description of the claims, the “determine,” “associates,” and “finds” steps, as recited in claim 1, describe concepts that can be performed mentally, which fall into the mental process category of abstract ideas. *See* Office Guidance, 84 Fed. Reg. at 52. We also agree with the Examiner that at least the “determine,” “associates,” and “finds” steps are steps for managing personal behavior or relationships or interactions between people, which is a certain method of organizing human activity, and thus an abstract idea. Final Act. 3; Office Guidance, 84 Fed. Reg. at 52. Appellant argues that the Examiner erred because the claimed invention “includes both a particularly programmed computer and other systems which provide input to the computer, thereby defining a concrete invention, not an abstract idea.” Appeal Br. 16.

Appellant’s argument is not persuasive. The Examiner found that the limitation “a computer with a memory having instructions embodied on a non-transitory machine readable medium” recites a generic computer. Ans. 6 (citing Spec. Fig. 1, ¶ 26). Appellant has not persuasively rebutted the Examiner’s finding. Rather, in the Reply Brief, Appellant focuses on the recitation of “a non-transitory machine readable medium” in claim 1, arguing that the claims are directed to “statutory subject matter” under § 101. Reply Br. 3 (citing *Ex parte Mewherter*, 107 USPQ2d 1857, 1862 (PTAB 2013) (precedential) (holding that a recited machine-readable storage

medium, having a program stored thereon, and absent an express limitation of scope to non-transitory storage media, is ineligible under § 101 because it encompasses transitory media). The Examiner, however, did not reject claim 1 under § 101 for covering an ineligible signal *per se* or otherwise failing to fall within the four statutory categories. Rather, the claims stand rejected under 35 U.S.C. §101 because the claimed subject matter is judicially-excepted from patent eligibility under § 101 because the claims are directed to an abstract idea, without significantly more.

Appellant has not persuasively rebutted the Examiner's determination that claim 1 is directed to certain methods of organizing human activity and, thus, an abstract idea. For the first time in "Appellant's Supplemental Appeal Brief," filed after the Reply Brief, Appellant argues that the "determine" step, as recited in claim 1, "includes definition of processes and sub-processes for an organization, which define tasks which need to be completed, and do not define a person's behavior or an interaction between people." Supp. Br. 3.

Appellant, however, has waived this argument because it was presented for the first time in a Supplemental Appeal Brief, without a showing of good cause. *See* 37 C.F.R. § 41.41(b)(2) (2012); *accord Ex parte Borden*, 93 USPQ2d 1473, 1473–74 (BPAI 2010 (informative opinion) ("[T]he reply brief [is not] an opportunity to make arguments that could have been made in the principal brief on appeal to rebut the Examiner's rejections, but were not."). Here, Appellant relies on issuance of the Board's Office Guidance as good cause for making belated arguments to address the Examiner's determination that claim 1 is directed to an abstract idea.

Appellant, however, could have addressed those determinations in the first instance in the Appeal Brief.

Even if Appellant's argument were timely, it is not persuasive. Under the Office Guidance, the category "certain methods of organizing human activity" is not limited to defining a person's behavior or an interaction between people. Commercial interactions including organizing business or legal relationships in the structuring of an organization have been found abstract. *See, e.g., In re Ferguson*, 558 F.3d 1359, 1364 (Fed. Cir. 2009).

Nor has Appellant persuasively rebutted the Examiner's determination that claim 1 recites mental processes. If a claim, under its broadest reasonable interpretation, covers performance in the mind but for the recitation of generic computer components, then it is still in the mental processes category unless the claim cannot practically be performed in the mind. *See Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016) ("[W]ith the exception of generic computer implemented steps, there is nothing in the claims themselves that foreclose them from being performed by a human, mentally or with pen and paper."); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324 (Fed. Cir. 2016) (holding that computer-implemented method for "anonymous loan shopping" was an abstract idea because it could be "performed by humans without a computer"); *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) ("Courts have examined claims that required the use of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person's mind."); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375, 1372 (Fed. Cir. 2011) (holding that the incidental use of

“computer” or “computer readable medium” does not make a claim otherwise directed to process that “can be performed in the human mind, or by a human using a pen and paper” patent eligible).

For the first time in “Appellant’s Supplemental Appeal Brief,” Appellant argues that the steps of claim 1—“determining all of the processes and sub-processes, associating processes to parameters, finding discrepancies in input/output parameters, receiving actual measurement information, and generating an exception report according to detailed specifications”—“are clearly not practically performed in the human mind.” Supp. Br. 3. For the reasons described above, Appellant has waived this argument.

Even if Appellant’s argument were timely, it is not persuasive. Appellant’s argument is conclusory, as Appellant does not provide any basis for this argument. It is well settled that mere attorney arguments and conclusory statements, which are unsupported by factual evidence, are entitled to little probative value. *In re Geisler*, 116 F.3d 1465, 1470 (Fed. Cir. 1997); *see also In re Pearson*, 494 F.2d 1399, 1405 (CCPA 1974) (attorney argument is not evidence).

Because we agree with the Examiner that the claim recites an abstract idea, we proceed to Prong Two of Step 2A to determine if the idea is integrated into a practical application, in which case the claim as a whole would not be “directed to” merely an abstract idea.

Step 2A(ii): Judicial Exception Integrated into a Practical Application?

Because we determined that claim 1 recites a patent-ineligible concept, we next determine whether the recited judicial exception is integrated into a practical application of that exception by: (a) identifying

whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

We use the term “additional elements” for claim features, limitations, or steps that the claim recites beyond the identified judicial exception. *See* Revised Guidance at 55 n.24. In claim 1, the additional elements include the limitations “computer system” and “a computer with a memory having instructions embodied on a non-transitory machine readable medium,” as well as the recited “receives” and “generates” steps.

The Examiner determined that none of the additional limitations is sufficient to amount to significantly more than the judicial exception because the additional computer elements amount to “the use of a generic computer performing generic computing tasks” and “are not enough to qualify as significantly more.” Final Act. 9.

Appellant argues that “the Federal Circuit has moved well past the notion that there must be some sort of improvements to computer hardware in order to overcome the notion of abstractness.” Appeal Br. 17–18. Appellant relies on the decisions in *Enfish*² and *McRO*³ as showing that “improvements to software,” “logic and processes,” and “method improvements” are indications that a claim recites “significantly more” than an abstract idea. *Id.* at 18.

² *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

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

Appellant’s arguments are not persuasive. Claim 1 is unlike the technology-based integrations discussed in the cases cited by Appellant. *See* Appeal Br. 18. For example in *Enfish*, the patent-eligible claim was directed to a self-referential table to improve computer databases. *Enfish*, 822 F.3d at 1330. The disclosed technique enabled faster searching and more effective storage of data than previous methods. *Id.* at 1333. The court found the claims directed to “a specific improvement to the way computers operate, embodied in the self-referential table” (*id.* at 1336), and explained that the claims are “not simply directed to *any* form of storing tabular data, but instead are specifically directed to a *self-referential* table for a computer database” that functions differently than conventional databases. *Id.* at 1337.

Likewise, in *McRO*, the patent-eligible claim focused on a specific asserted improvement in computer animation. *McRO*, 837 F.3d at 1299. The claims in *McRO* recited a “specific . . . improvement in computer animation” using “unconventional rules that relate[d] sub sequences of phonemes, timings, and morph weight sets.” *Id.* at 1302–03, 1307–08, 1314–15. In *McRO*, “the incorporation of the claimed rules, not the use of the computer,” improved an existing technological process. *Id.* at 1314. Appellant does not direct us to any evidence that the claimed steps correspond to unconventional rules.

Considering claim 1 as a whole, then, Appellant’s invention lacks a technical solution to a technical problem like the claims in these cases. Claim 1 as a whole merely uses instructions to implement the abstract idea on a computer or, alternatively, merely uses a computer as a tool to perform the abstract idea. Here, the additional limitation(s) do not integrate the judicial exception into a practical application. More particularly, the claims

do not recite (i) an improvement to the functionality of a computer or other technology or technical field (*see* MPEP § 2106.05(a)); (ii) a “particular machine” to apply or use the judicial exception (*see* MPEP § 2106.05(b)); (iii) a particular transformation of an article to a different thing or state (*see* MPEP § 2106.05(c)); or (iv) any other meaningful limitation (*see* MPEP § 2106.05(e)). *See* 84 Fed. Reg. at 55. Rather, claim 1 recites an abstract idea as identified in Step 2A(i), *supra*, and none of the limitations integrates the judicial exception into a practical application.

Appellant’s argument that claim 1 is patent-eligible because its practice does not attempt to “tie up” the entire broad subject matter area of business process management is unavailing. *See* Appeal Br. 17. While preemption may signal patent ineligible subject matter, the absence of complete preemption “does not demonstrate patent eligibility, where 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); *see also OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“that 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”).

For the first time in the “Supplemental Appeal Brief,” Appellant identifies and summarizes Examples 37, 40, 41, and 42 associated with the Office Guidance. Supp. Br. 4–6. Appellant argues that Claim 1 “is analogous in some ways to all of the Examples.” *Id.* at 6. Because Appellant’s argument is conclusory and does not explain how Claim 1 is analogous to

the cited examples, Appellant's argument is not persuasive of error. *See Geisler*, 116 F.3d at 1470; *see also Pearson*, 494 F.2d at 1405 (attorney argument is not evidence).

Therefore, because the abstract idea is not integrated into a practical application, we conclude that the claim is directed to the judicial exception.

Step 2B — “Inventive Concept” or “Significantly More”

If the claims are directed to a patent-ineligible concept, as we conclude above, we proceed to the “inventive concept” step. For Step 2B we must “look with more specificity at what the claim elements add, in order to determine ‘whether they identify an “inventive concept” in the application of the ineligible subject matter’ to which the claim is directed.” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1258 (Fed. Cir. 2016) (quoting *Elec. Power Grp.*, 830 F.3d at 1353). We look to see whether there are any “additional features” in the claims that constitute an “inventive concept,” thereby rendering the claims eligible for patenting even if they are directed to an abstract idea. *Alice*, 573 U.S. at 221. Those “additional features” must be more than “well-understood, routine, conventional activity.” *Mayo*, 566 U.S. at 79.

The Examiner determined that the additional elements in claim 1 amount to the 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, such as data entry, collection, display, or reporting. Final Act. 9–10. In addition, the Examiner found that Figure 1 and paragraph 26 of Appellant's Specification describe the “use of a generic computer performing generic computing tasks.” Ans. 6.

We note the Examiner provides *Berkheimer* evidence in support of the well-understood, routine, and conventional fact findings in the form of citations to Appellant’s Specification, which Appellant has not substantively rebutted. Appellant does not direct our attention to anything in the Specification that indicates the computer components perform anything other than well-understood, routine, and conventional functions, such as receiving data, analyzing data, and generating a report. Moreover, collecting, analyzing, and reporting data are routine computer functions. *See Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1355 (Fed. Cir. 2016); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 614 (Fed. Cir. 2016) (server that receives data, extracts classification information from the received data, and stores the digital images insufficient to add an inventive concept); *Alice*, 573 U.S. at 225–26 (receiving, storing, sending information over networks insufficient to add an inventive concept).

Because the Specification describes the additional elements in general terms, without describing the particulars, we conclude the claim limitations may be broadly but reasonably construed as reciting conventional computer components and techniques, particularly in light of Appellant’s Specification, as cited above. *See Berkheimer Memo*⁴ § III.A.1; Spec. Fig. 1, ¶ 26. We conclude claim 1 does not have an inventive concept because the

⁴ “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” at 3 (Apr. 19, 2018) (explaining that a specification that describes additional elements “in a manner that indicates that the additional elements are sufficiently well-known that the specification does not need to describe the particulars of such additional elements to satisfy 35 U.S.C. § 112(a)” can show that the elements are well understood, routine, and conventional).

claim, in essence, merely recites various computer-based elements along with no more than mere instructions to implement the identified abstract idea using the computer-based elements.

For the first time in the Supplemental Appeal Brief, Appellant argues that “Appellant’s claims have been found novel and unobvious over the art.” Supp. Br. 4. For the reasons discussed above, this new argument is waived, as Appellant could have presented the argument in the Appeal Brief. Even if Appellant’s “novelty” argument were timely, however, it is not persuasive. The novelty of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter. *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). Our reviewing court further guides that “[e]ligibility and novelty are separate inquiries.” *Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1340 (Fed. Cir. 2017); *see also Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016) (holding that “[e]ven assuming” that a particular claimed feature was novel does not “avoid the problem of abstractness”).

Because the claims are directed to an abstract idea, without significantly more, we sustain the Examiner's § 101 rejection of independent claim 1 and grouped claims 2–19, 22–26, and 28–31, not argued separately with particularity.

DECISION

We affirm the decision of the Examiner rejecting claims 1–19, 22–26, and 28–31.

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Reference(s)/Basis	Affirmed	Reversed
1-19, 22-26, 28-31	101	Eligibility	1-19, 22-26, 28-31	

TIME PERIOD FOR 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