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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
11/929,932	10/30/2007	Daniel Wernikoff	37202/180001; 0702017US	9250
57956	7590	03/03/2020	EXAMINER	
FBFK/Intuit Robert Lord 9 Greenway Plaza Suite 500 HOUSTON, TX 77046			PUTTAIAH, ASHA	
			ART UNIT	PAPER NUMBER
			3695	
			NOTIFICATION DATE	DELIVERY MODE
			03/03/2020	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte DANIEL WERNIKOFF

Appeal 2019-000959
Application 11/929,932
Technology Center 3600

Before MAHSHID D. SAADAT, JENNIFER L. MCKEOWN, and BETH Z. SHAW, *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 1–5, 7, 9–14, and 18–23, 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 Intuit Inc. Appeal Br. 4.

STATEMENT OF THE CASE

Introduction

Appellant's disclosure is directed to a method and a system "for assessing financial risk associated with a business entity" that is "based on the plurality of usage data, and determining an approval status based on the financial risk assessment, wherein the approval status indicates whether the business entity is approved to receive a financial service." *See* Spec. ¶ 4.

Claim 1 is illustrative of the invention and reads as follows:

1. A method for assessing financial reliability associated with a business entity, comprising:

monitoring usage of a financial management application by the business entity to generate a plurality of usage data, wherein the financial management application comprises a plurality of records of the business entity;

recording the plurality of usage data,

wherein the plurality of usage data describes business entity behavior using the financial management application,

wherein the plurality of usage data comprises a description of a period of time that the business entity has been using the financial management application, a customer count, an offered product count, a business partner count, and a frequency of access to the financial management application;

generating a financial reliability measure based on the plurality of usage data;

determining, in response to the financial reliability measure exceeding a pre-determined threshold, an approval status indicating that the business entity is approved to receive a financial service;

verifying the approval status using a neural network; and
notifying the business entity of the approval status.

Appeal Br. 21 (Claims App.).

The Examiner's Rejections

Claims 1–5, 7, 9–14, and 18–23 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter. Final Act. 7–10.

Claims 1–5, 7, 9–14, and 18–23 stand rejected under pre-AIA 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement. Ans. 3–5.²

ANALYSIS

SECTION 112 REJECTION

Regarding independent claims 1, 9, and 18, the Examiner finds that the Specification does not disclose “generating a financial reliability measure based on the plurality of usage data,” as claimed and, therefore, the claims fail to comply with the written description requirement. Ans. 4 (citing *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336 (Fed. Cir. 2010) (en banc)). The Examiner specifically finds “[t]he instant specification lacks any description of an actual reduction to practice which would be evidenced by formulas, flow-charts, programming steps, etc. that are sufficiently detailed to show that Applicant was in possession of the claimed invention as a whole.” *Id.*

Appellant argues that the Specification supports the recited limitation because, among other things, “[e]ven assuming arguendo that the Examiner’s contentions regarding the lack of examples in the specification and the lack of an actual reduction to practice are true, the written

² The Examiner entered a new ground of rejection under § 112 and withdrew the final rejection of claims 1–5, 7, 9–14, and 18–23 under § 103. *See* Ans. 3–5.

description requirement can still be satisfied.” Reply Br. 2–3 (citing *Ariad*). Appellant further argues, according to the court decision in *Ariad*, “formulas/algorithms are not a requirement to satisfy the written description requirement.” Reply Br. 3. Finally, Appellant points to “the rationale behind each of these types of usage data and how each of the types would increase (or decrease) the financial reliability measure” by asserting paragraph 39 of the Specification describes “short term usage of the financial management application decreases the financial reliability measure” and paragraph 40 of the Specification describes “frequent access to the financial management application increases the financial reliability measure.” Reply Br. 3–4.

We agree with Appellant that Appellant’s original disclosure conveys with reasonable clarity to ordinarily skilled artisans that Appellant possessed the claimed invention, including “generating a financial reliability measure based on the plurality of usage data.” “[T]he description requirement does not demand any particular form of disclosure, or that the specification recite the claimed invention *in haec verba*.” *Ariad*, 598 F.3d at 1352, (internal citations omitted). Rather, “the test for sufficiency is whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad*, 598 F.3d at 1351.

Here, as Appellant argues, Appellant’s Specification describes how “different types of consumer behaviors may be recorded as usage data and contribute to the financial risk assessment,” describing: (1) “how long the business entity (or designated agent thereof) has been using the consumer business software” or (2) “how often the business entity (or designated agent

thereof) accesses the consumer business software.” Spec. ¶¶ 38–40. We therefore agree with Appellant that these descriptions would reasonably convey to a person of ordinary skill in the art that tracking these types of usage behaviors contribute to a measure of financial risk assessment or reliability. *See* Reply Br. 2–5. Thus, we are persuaded by Appellant’s argument that the Specification provides written description support for the limitation “generating a financial reliability measure based on the plurality of usage data” and that the Examiner erred by rejecting the pending claims under 35 U.S.C. § 112, first paragraph.

SECTION 101 REJECTION

Rejection and Arguments

The Examiner finds “[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” and “the claim(s) as a whole, considering all claim elements both individually and in combination, do not amount to significantly more than an abstract idea.” Final Act. 7–8. The Examiner specifically finds the claimed invention relates to “[a]ssessment of financial risk based on usage data is akin to collecting and analyzing information to detect misuse and notifying a user when misuse is detected (FairWarning)³ and mitigating settlement risk (Alice)⁴,” which is an abstract idea. Final Act. 8. The Examiner also finds that “the claims do not include an improvement to another technology or technical field, an improvement to the functioning of the computer itself, or meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment.” Final

³ *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089 (Fed. Cir. 2016).

⁴ *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

Act. 9. According to the Examiner, the claim limitations “are done by the generically recited computing devices (‘virtually any type of computer regardless of platform being used’ (Specification, [0051]))” and “are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.” Final Act. 10.

Appellant contends the claimed invention is not directed to an abstract idea. Appeal Br. 8–10. Appellant specifically argues claim 1 is unlike the claims in *FairWarning* because

independent claim 1 requires, in part, generating a financial reliability measure for a business entity based on at least the frequency that the business entity accesses a financial management software application, determining an approval status based on the financial reliability measure, and then verifying the approval status using a neural network.

Appeal Br. 9. Appellant also argues, unlike the claims in *Alice*, present claim 1 is not directed to merely a fundamental economic practice, and instead is directed to “generating a financial reliability measure for a business entity based on at least the frequency that the business entity accesses a financial management software application, determining an approval status based on the financial reliability measure.” Appeal Br. 9–10. Appellant also contends the Examiner has not established that the additional elements are well-understood, routine, or conventional as required by “April 2018 Memorandum to the Patent Examination Corps (hereinafter ‘Memo 3’), the Deputy Commissioner for Patent Examination Policy, relying on *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).” Appeal Br. 11–12. Appellant further argues that “the arrangement of these additional elements

successfully transform the abstract idea into a patent-eligible invention because there is no risk independent claim 1 will preempt (*i.e.*, tie-up) the abstract idea.” App. Br. 13.

Legal Principles

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* 573 U.S. at 216 (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.

Discussion

Independent claim 1 is directed to 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 claimed method provides “financial risk assessment” based on “different types of consumer behaviors,” such as “how long” or “how often” a business entity has been using or accessed a consumer business software. Spec. ¶¶ 38–40. Claim 1 recites functions related to assessing financial reliability associated with a business entity, that includes “monitoring [and recording] usage of a financial management application by the business entity,” “generating a financial reliability measure based on the plurality of usage data,” and “determining, in response to the financial reliability measure exceeding a pre-determined threshold, an approval status,” which

indicates that the business entity is approved to receive services. After verifying the approval status, the business entity is notified. *See* Appeal Br. 21 (Claims App.).

Abstract Idea

Here, every limitation of claim 1 recites an abstract idea, namely organizing human activity, such as fundamental economic principles or practices (including mitigating risk) or commercial or legal interactions (including business relations) by assessing the behavior of a business entity and generating a financial reliability measure. The claimed “recording the plurality of usage data,” “generating a financial reliability measure,” and “determining, in response to the financial reliability measure exceeding a pre-determined threshold, an approval status” 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).

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. 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 steps of monitoring and recording usage data, generating and determining the reliability measure and approval, and verifying and notifying the status are the only recited elements beyond the abstract idea, but these additional elements do not integrate the abstract idea into a practical application when reading claim 1 as a whole. Additionally, we are not persuaded that the claimed invention improves the computer or its components' functionality or efficiency, or otherwise changes the way those devices function. In another words, contrary to Appellant's assertion (Appeal Br. 9–10; Reply Br. 6), even assuming, without deciding, that the claimed invention “includes at least verification using a neural network,” any speed increase comes from the capabilities of the generic computer components—not the recited process itself. *See FairWarning*, 839 F.3d at 1095 (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.

Furthermore, other independent claims 9 and 18 recite elements such as a memory, a processor, and a non-transitory computer-readable medium, which do not integrate these abstract ideas into a practical application. The written description discloses that these recited components encompass

generic components, such as a general-purpose computer and memory. *See, e.g.,* Spec. ¶¶ 51–52, Fig 3. 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).

Thus, the claims do not integrate the judicial exception into a practical application. The claims do not (1) improve the functioning of a computer or other technology, (2) are not applied with any particular machine (except for a generic computer), (3) do not effect a transformation of a particular article to a different state, and (4) are not applied in any meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception. *See* MPEP §§ 2106.05(a)–(c), (e)–(h).

Inventive Concept

Because we determine claim 1 is “directed to” an abstract idea, we consider whether claim 1 recites an “inventive concept.” The Examiner determined claim 1 does not recite an inventive concept because

[T]he the limitations, in the instant claims, are done by the generically recited computing devices (“virtually any type of computer regardless of platform being used” (Specification, [0051])). The limitations are merely instructions to implement the abstract idea on a computer and require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.

See Final Act. 10.

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 the 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 various elements recited in claim 1 include “generating a financial reliability measure for a business entity based on at least the frequency that the business entity accesses a financial management software application,” which “is not a well-understood, routine, and conventional activity known in the industry.” Reply Br. 7.

However, as discussed above, 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)). As such, Appellant’s claims can be distinguished from patent-eligible claims such as those in *McRO* and *Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)) (*See* Br. 13–14), that are directed to “a specific

means or method that improves the relevant technology” (*McRO*, 837 F.3d at 1314) or “solving a technology-based problem” (*Bascom*, 827 F.3d at 1349–52).

Preemption

Appellant’s argument that “the arrangement of these additional elements successfully transform the abstract idea into a patent-eligible invention because there is no risk independent claim 1 will preempt (*i.e.*, tie-up) the abstract idea,” is also not persuasive. Appeal Br. 13. “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 Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015).

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
1–5, 7, 9–14, 18–23	112, first paragraph	Written Description		1–5, 7, 9–14, 18–23

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1-5, 7, 9-14, 18-23	101	Eligibility	1-5, 7, 9-14, 18-23	
Overall Outcome			1-5, 7, 9-14, 18-23	

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