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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* SAMER ELBIZRI

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Appeal 2019-001158  
Application 12/899,344  
Technology Center 3600

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BEFORE DANIEL S. SONG, WILLIAM A. CAPP, and LEE L. STEPINA,  
*Administrative Patent Judges.*

STEPINA, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant,<sup>1</sup> Samer ElBizri, appeals from the Examiner's decision to reject claims 1, 2, 5–8, 10–12, 21 and 22. Final Act. 1. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> 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 Samer ElBizri. Appeal Br. 1.

CLAIMED SUBJECT MATTER

The claims are directed to a system for offsetting invoice obligations.

Claim 1, reproduced below, is illustrative of the claimed subject matter.

1. An invoice resolution system, comprising:

at least one sales invoice, wherein each sales invoice comprises a credit value and is associated with a seller, and

at least one purchase invoice, wherein each purchase invoice comprises a debit value and is associated with a customer,

a non-transitory computer readable storage medium and a network computer system,

at least one database or repository stored on the computer readable storage medium, the network computer system or a combination thereof comprising executable code for collecting one or more pieces of information for the at least one sales invoice and the at least one purchase invoice; and

an executable code stored on a computer readable storage medium for, intelligently determining an invoice chain comprising the at least one purchase invoice and the at least one sales invoice, and offsetting the debit value of the at least one purchase invoice with the credit value of the at least one sales invoice to form an offset value, wherein a first seller associated with the at least one sales invoice is not a customer in the invoice chain.

Br. 19 (Claims App.).

REJECTIONS

I. Claims 1, 2, 5–8, 10–12, 21, and 22 are rejected under the judicial exception to 35 U.S.C. § 101 as being directed to an abstract idea without significantly more. Final Act. 2.

II. Claim 5 is rejected under 35 U.S.C. § 112, second paragraph, as indefinite.<sup>2</sup> Final Act. 7.

## OPINION

### *Rejection I*

Appellant makes arguments for the patent eligibility of claims 1, 2, 7, 8, 10–12, 21, and 22 as a group. *See* Appeal Br. 8–27. We select claim 1 as the representative claim, and claims 2, 7, 8, 10–12, 21, and 22 stand or fall with claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Referring to limitations in claim 1 requiring a system having (1) a sales invoice, (2) a purchase invoice, and (3) executable code for determining an invoice chain and offsetting a debit value with a credit value to form an offset value, the Examiner concludes that this claim is directed to any of three judicial exceptions to patent eligibility under § 101. Final Act. 3–6. Specifically, the Examiner finds that claim 1 is directed to each of “a fundamental economic practice,” “a method of organizing human activity,” and “an idea of itself.” *Id.* at 4–6.

Appellant contends that the system in claim 1 is not directed to a fundamental economic practice because the system is not “foundational or basic.” Br. 8. Specifically, Appellant states, “there is nothing foundational or basic about using a computer system for ‘determining an invoice chain comprising at least one purchase invoice having a debit value and at least one sales invoice having a credit value, and offsetting the debit value with the credit value to form an offset value’ as presently claimed.” *Id.*

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<sup>2</sup> The Examiner withdrew rejections of claims 6 and 22 as indefinite. Ans. 3.

Appellant also specifically contests the Examiner’s characterization of the subject matter of claim 1 as a method of organizing human activity, asserting that the Examiner provided no analysis of the specific facts of the case. Br. 9. Appellant also notes that not all methods of organizing human activity are abstract ideas. Br. 9 (citing MPEP § 2106.04(a)(2)).

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. 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*. *See Alice*, 573 U.S. 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.” *Id.* 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,

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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 (internal 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.* (alteration in the original) (quoting *Mayo*, 566 U.S. at 77). “[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

In January of 2019, the PTO published revised guidance on the application of § 101. 2019 REVISED PATENT SUBJECT MATTER ELIGIBILITY GUIDANCE, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Memorandum”). Under Step 2A of that 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

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PROCEDURE (“MPEP”) §§ 2106.05(a)–(c), (e)–(h) (9th Ed., Rev. 08.2017, 2018)).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look, in Step 2B, 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* Memorandum.

*Step 1 – Statutory Category*

Claim 1 recites “a non-transitory computer readable storage medium and a network computer system” (Appeal Br. 19 (Claims App.)), and, therefore, falls into either the machine or article of manufacture categories of statutory subject matter.

*Step 2A, Prong 1 – Recitation of Judicial Exception*

Claim 1 also recites, in part, “at least one sales invoice . . . at least one purchase invoice . . . intelligently determining an invoice chain comprising the at least one purchase invoice and the at least one sales invoice.” Br. 19 (Claims App.). Claim 1 further recites, “offsetting the debit value of the at least one purchase invoice with the credit value of the at least one sales invoice to form an offset value.” *Id.*

Offsetting debt with credit and creating an offset value amounts to a fundamental economic practice similar to the method of exchanging financial obligations between two parties as in *Alice*. 573 U.S. at 213 (“the

claims are designed to facilitate the exchange of financial obligations between two parties by using a computer system as a third-party intermediary.”); *see also id.* at 219. Appellant’s contention that the subject matter of claim 1 is “not foundational or basic” is unavailing because of the similarity between Appellant’s claim 1 and the claim at issue in *Alice*. *See id.* at 213, n. 2. We appreciate Appellant’s contention that “[a]s provided in [Appellant’s] disclosure, exemplary embodiments involve computer-implemented systems that ‘are peer-to-peer [and] do not use or need to use aggregation at a clearing institution or a substitution of counter parties.’” Br. 12. Thus, unlike the claim at issue in *Alice*, at least some exemplary embodiments do not require aggregation at a clearing institution (clearing house). *See Alice* at 213, n. 2, 220. Nonetheless, such a difference does not make the recitation in claim 1 less of a fundamental economic practice. Rather, it would appear to make it more of one by eliminating a third party from the transaction. Such fundamental economic practices qualify as one of the certain methods of organizing human activity. *See id.* at 219–20 (concluding that use of a third party to mediate settlement risk is a “fundamental economic practice” and thus an abstract idea); *id.* (describing the concept of risk hedging identified as an abstract idea in *Bilski* as “a method of organizing human activity”). Thus, claim 1 recites an abstract idea, one of the judicial exceptions. *See Alice*, 573 U.S. at 216.

Accordingly, the outcome of our analysis under Step 2A, Prong 1, requires us to proceed to Step 2A, Prong 2. *See Memorandum*, 84 Fed. Reg. at 54.

*Step 2A, Prong 2 – Integrated Into a Practical Application*

In Step 2A, Prong 2, we 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

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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. *See Memorandum*. This evaluation requires an additional element or a combination of additional elements in the claim to apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the exception. *See id.*

Appellant contends that claim 1 is directed to a “technical solution to the limitations facing current computer-implemented systems, and does not recite the network computer system ‘with a high level of generality’” and “one current limitation of such systems is the inability to fully offset invoice obligations without making a payment drawn from a bank, credit or investment account.” Br. 12.

Appellant’s argument on this point is unavailing because claim 1 does not improve a technical field, instead, it improves (or carries out) the financial transaction discussed above. Further, the system recited in claim 1 does not improve the functioning of the computer itself, instead, the system merely carries out the fundamental economic activity recited in claim 1. Nor do we see any transformation or particular machine recited in claim 1.

In summary, claim 1 does not integrate the recited judicial exception into a practical application. Thus, we proceed to step 2B.

*Step 2B – Well-Understood, Routine, Conventional Activity*

The Examiner next finds that “the [claimed] computer components merely collect data, sort data, and output data” and “the claims merely amount to applying the abstract idea on a computer.” Final Act. 6.

Appellant contends that the Examiner has not adequately supported, in writing, how the elements recited in claim 1 amount to well-understood, routine, and conventional material. Br. 12–13 (*citing Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018)). Appellant also contends “the claims are clearly directed to an inventive concept. In fact, the Examiner correctly acknowledged ‘the present claims ... are distinguishable from prior art of record.’ (Final Office Action dated April 6, 2016, Pg. 4).” *Id.* at 13.

We are not apprised of Examiner error on this point. The Examiner correctly finds that the “improvement” recited in claim 1 relates to the abstract idea itself, and, is therefore, not significantly more than the abstract idea. Ans. 7. Furthermore, the non-transitory computer readable medium and computer network system are, despite Appellant’s unsupported contention to the contrary (Br. 12), recited at a high level of generality. Such elements are not the kind of additional features, taken alone or as an ordered combination, that result in significantly more than the recitation of the abstract idea performed on a generic computer. *See Alice*, 573 U.S. at 226 (“Nearly every computer will include a “communications controller” and “data storage unit” capable of performing the basic calculation, storage, and transmission functions required by the method claims.”). Moreover, the fact that the claimed invention may be unconventional or novel as compared to the prior art of record does not establish that it is directed to patent eligible subject matter. *See Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013).

We have considered all of Appellant’s arguments in support of the patent eligibility of claim 1, but find them unpersuasive. Accordingly, we sustain the rejection of claims 1, 2, 7, 8, 10–12, 21, and 22 as being directed to patent-ineligible subject matter.

*Claim 5*

Claim 5 recites, “[t]he system of claim 1, wherein an ending point of an invoice chain, a length of an invoice chain, a discount offered by a seller, and an amount of an invoice, is utilized to *determine an optimal starting point* for the invoice chain.” Br. 19 (Claims App.) (emphasis added). For the reasons discussed below relating to Rejection II, we pro forma reverse the rejection of claim 5 as being directed to patent ineligible subject matter.

*Claim 6*

Claim 6 recites, “[t]he system of claim 1, wherein the invoice chain is determined by at least one condition, comprising an ending point of an invoice chain, a length of an invoice chain, a discount offered by a seller, and an amount of an invoice.” Br. 19–20.

Appellant’s entire argument in support of the patent eligibility of claim 6 amounts to restating the language of claim 6 and then asserting “[t]hese features are clearly not foundational or basic and have been looked over in the Office Action. For this reason, Appellant respectfully requests that the U.S.C. 101 rejection be withdrawn.” Br. 15.

We do not agree with Appellant on this point. The invoice chain is already recited in claim 1, and setting forth the basis upon which the chain is determined, using factors such as those recited in claim 6, is merely a part of the fundamental economic practice recited in claim 1. Accordingly, we sustain the Examiner’s rejection of claim 6 as being directed to patent-ineligible subject matter.

*Rejection II*

The Examiner determines that claim 5 is indefinite because, in light of the Specification, “it remains ambiguous as to under what circumstances the starting point would be ‘optimal.’” Final Act. 8.

Appellant argues, “the specification states with clarity the conditions for an ‘optimal’ starting point. For example, the specification explains ‘an Optimal Starting Point depends on the conditions or results defined and determined in the system’s ‘Determined Optimal Conditions’.’ (Specification, pg. 15 lines 26–28).” Br. 16. Appellant goes on to quote lines 13–24 of page 13 and lines 5–9 of page 30 of the Specification as support for the assertion that “the ‘optimal’ starting point is clearly defined in the specification and is not indefinite under 35 U.S.C. 112.” *Id.*

Appellant’s argument is unavailing. Even assuming for the sake of argument that the variables that control whether a starting point is an “optimal” one are clearly defined and measurable, the Specification does not explain how a person of ordinary skill in the art would use the value of such variables to arrive at an optimal starting point. In other words, what is optimal, itself, is not defined. For example, if the optimal starting point of the invoice chain is determined based only on the factors recited in claim 5, and such factors were available for precise calculation, the Specification still leaves unanswered the question of whether starting point X, starting point Y, or some other starting point for the chain would be the “optimal” starting point. In this regard, we note that claim 5 does not merely require *basing* the determination of the starting point of the invoice chain on a particular set of conditions. Rather, claim 5 requires that “an optimal” starting point is determined based on those conditions. Accordingly, we sustain the Examiner’s rejection of claim 5 as indefinite.

As claim 5 is indefinite, we are unable to apply the *Alice* test as set forth above for Rejection I. Thus, without commenting on the patent-eligibility of claim 5, we reverse the rejection of this claim as being directed to patent-ineligible subject matter as set forth *supra*.

DECISION

The Examiner's rejections are AFFIRMED.

More specifically,

DECISION SUMMARY

<b>Claims Rejected</b>	<b>Basis</b>	<b>Affirmed</b>	<b>Reversed</b>
1, 2, 5-8, 10-12, 21, and 22	§ 101	1, 2, 6-8, 10-12, 21, and 22	5
5	§112	5	

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