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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MARK GREENSTEIN

Appeal 2019-003786
Application 14/050,590
Technology Center 3600

Before J. JOHN LEE, DANIEL J. GALLIGAN, and
DAVID J. CUTITTA II, *Administrative Patent Judges*.

GALLIGAN, *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, 4–6, 9, and 10. We have jurisdiction under 35 U.S.C. § 6(b). Claims 2, 3, 7, and 8 have been cancelled.

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 Mark Greenstein. Appeal Br. 1.

CLAIMED SUBJECT MATTER

Claims 1 and 6 are independent claims. Claim 1 is reproduced below with bracketed lettering added for discussion purposes:

1. A method for automatically selling an investment and using the proceeds to automatically purchase a deferred annuity comprising the steps of:

[a] storing personal information corresponding to the investor in a computerized database;

[b] using a computer to automatically purchase a deferred annuity with the proceeds of the sale of one or more investments in an investment vehicle;

[c] using a computer to inform the investor of the automatic sale of the investment and the automatic purchase of the deferred annuity;

[d] using a computer to inform the investor that the investor may opt out of the purchase;

[e] where the investor does choose to opt out using a computer to record the decision of the investor and transmit information concerning the opt out to the person operating the investment vehicle concerning the investor's decision.

REFERENCES

The prior art relied upon by the Examiner is:

Name	Reference	Date
Tarbox	US 2002/0169701 A1	Nov. 14, 2002
Rowen	US 2003/0187694 A1	Oct. 2, 2003
Amstutz	US 2004/0054610 A1	Mar. 18, 2004
Williams	US 2004/0177022 A1	Sept. 9, 2004

REJECTIONS

The Examiner rejects claims 1, 4–6, 9, and 10 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter. Final Act. 5–8.

The Examiner rejects claims 1, 5, 6, and 10 under 35 U.S.C. § 103(a) as being unpatentable over Tarbox, Williams, and Rowen. *Id.* at 9–13.

The Examiner rejects claims 4 and 9 under 35 U.S.C. § 103(a) as being unpatentable over Tarbox, Williams, Rowen, and Amstutz. *Id.* at 13–14.

Our review in this appeal is limited to the above rejections and the issues raised by Appellant.² Arguments not made are waived. *See* MPEP § 1205.02; 37 C.F.R. §§ 41.37(c)(1)(iv) and 41.39(a)(1).

PRINCIPLES OF LAW

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 U.S. 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. *See, e.g., Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014).

In determining whether a claim falls within an excluded category, we are guided by the Court’s two-step framework, described in *Alice* and *Mayo*. *Id.* at 217–18 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*,

² We note that a number of Appeal Briefs were filed by Appellant; unless otherwise noted, we refer to the Supplemental Appeal Brief filed February 14, 2018 (“Appeal Br.”) and the Reply Brief filed April 11, 2019 (“Reply Br.”). We also refer to the September 3, 2015 Final Rejection (“Final Act.”) and the February 15, 2019 Examiner’s Answer (“Ans.”).

566 U.S. 66, 75–77 (2012)). In accordance with that framework, we first determine what concept the claim recites. *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.”).

If the claim recites an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, in which “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 quotation marks omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” *Id.* (alterations in 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.*

The Office has published revised guidance on the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Guidance”). In October 2019, the USPTO published an update to that guidance. *October 2019 Patent Eligibility Guidance Update*, 84 Fed. Reg. 55,942 (hereinafter “Guidance Update”). Under the Guidance and the Guidance Update, in determining whether a claim falls within an excluded category, we first look to whether the claim recites:

(1) Step 2A — Prong One: 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) Step 2A — Prong Two: additional elements that integrate the judicial exception into a practical application (*see* MPEP³ §§ 2106.05(a)–(c), (e)–(h)).

See Guidance, 84 Fed. Reg. 54–55 (“Revised Step 2A”). 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 (Step 2B):

(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 id. at 56 (“*Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept.*”).

OPINION

Patent Eligibility

We analyze the claims and the Examiner’s rejection in view of the Guidance and the Guidance Update, and we adopt the nomenclature for the steps used in the Guidance. Appellant’s arguments address limitations recited in independent claim 1. Appeal Br. 11. We, thus, select claim 1 as representative of all claims. *See* 37 C.F.R. § 41.37(c)(1)(iv).

³ All Manual of Patent Examining Procedure (“MPEP”) citations herein are to MPEP, Rev. 08.2017, January 2018.

Step 1

As an initial matter, the claims must recite at least one of four recognized statutory categories, namely, machine, process, article of manufacture, or composition of matter. MPEP § 2106(I); *see* 35 U.S.C. § 101. Independent claim 1 recites a method, and independent claim 6 recites a computer system. Thus, the pending claims recite recognized statutory categories under § 101, i.e., processes and machines, and we turn to the two-step *Alice/Mayo* analysis applied in accordance with the Guidance.

Step 2A, Prong One in the Guidance

Next, we determine whether the claims, being directed to statutory classes of invention, nonetheless recite a judicial exception. Guidance, 84 Fed. Reg. 51.

The Examiner determines that the claims recite a judicial exception: an abstract idea. Final Act. 6; Ans. 5. In particular, the Examiner determines the claims recite “procedures to automatically purchase a deferred annuity with the proceeds of the sale of one or more investments in an investment vehicle.” Final Act. 6; Ans. 5. The Examiner further determines that such procedures are “fundamental economic practice[s], commercial interactions, and manag[ed] interactions between people, and therefore [are] certain method[s] of organizing human activity.” Ans. 5; Final Act. 6. Certain methods of organizing human activity are a category of abstract idea, as described in the Guidance. Guidance, 84 Fed. Reg. 52.

We agree with the Examiner’s determinations, which are supported by the Specification and reflected in the claims. The Specification describes, based on an article in an economics journal, a problem in the purchase of insurance products due to “adverse selection.” Spec. at 1–2. The solution

the Specification proposes “combin[es] the purchase of insurance products and/or services in a manner that tends to reduce the risks posed by adverse selection” (*id.* at 2), and, in particular, “combin[es] insurance products with other services” through “automatic purchase of an insurance product such as an annuity with some or all of the proceeds of the sale of an investment” (*id.* at 6). In fact, the Specification repeatedly describes that the contribution offered by the invention is a type of “program for the purchase of insurance products.” *Id.* at 8; *see id. passim.* As such, the Specification supports the Examiner’s determination that the claims recite fundamental economic practices, namely, a financial transaction in which insurance products are purchased by selling investment products. Such a scheme can be also characterized as an investment strategy, which is a fundamental economic practice, because the scheme swaps one financial product for another financial product. *Id.* at 3.

The claims correspond to the fundamental economic practice described by the Specification. We first recognize that the Examiner has identified additional limitations, “a computerized database” and “using a computer,” which are analyzed at a later step in the eligibility analysis. Ans. 4–6. Turning to the remainder of the claims, limitation [a] describes the storage, i.e., collecting, of investor information. Collecting information required to engage in an economic practice is universal to almost any type of economic practice. Limitation [b] describes automatically purchasing a deferred annuity, i.e., an insurance product, by selling an investment. Selling an item to purchase another item is a common financial transaction. That the items are financial products only serves to describe the types of items bought and sold, but the process remains a common financial

transaction. Furthermore, the nature of the items sold and purchased, i.e., investment products and insurance products, confirms the process as an investment strategy, which is a fundamental economic practice. Limitations [c]–[e] describe providing an investor the option to opt out of the financial transaction or investment strategy and providing a notification upon opt-out. Optional participation in economic practices, i.e., an investor may choose whether or not to use an investment strategy or make a financial transaction, and notifying relevant parties as such, is common to any financial transaction or investment strategy.

Appellant’s arguments also point out that the claimed features recite investment strategies. For example, Appellant highlights that the “claims . . . provid[e] for automatically placing invested amounts in deferred annuities which collectivize longevity risk.” Appeal Br. 12.

Accordingly, the claims recite a certain method of organizing human activity, namely, fundamental economic practices, and, so, recite an abstract idea.

Step 2A, Prong Two in the Guidance

Next, we determine whether the claims are directed to the abstract concept itself or whether the claims are instead directed to some technological implementation or application of, or improvement to, this concept, i.e., integrated into a practical application. *See, e.g., Alice*, 573 U.S. at 223, discussing *Diamond v. Diehr*, 450 U.S. 175, 177 (1981).

The Examiner determines that the alleged claimed “advance lies entirely in the realm of abstract ideas, with no innovation in the nonabstract application realm.” Ans. 9.

Appellant argues the Examiner “ignores elements of the claims that are not in any way inherent or necessarily part of the purchase of deferred annuities” and “dismisses critical portions of the claims which enable the cla[i]ms, as noted above, to perform the function of improving retirement outcomes.” Reply Br. 11; *see* Appeal Br. 11.

We disagree with Appellant that the Examiner “dismisses critical portions of the claims which enable the cla[i]ms, as noted above, to perform the function of improving retirement outcomes.” Reply Br. 11.

Problematically, Appellant does not describe what “critical portions” Appellant refers to and Appellant’s arguments are unpersuasive for this reason alone. Even assuming Appellant refers to the claimed “using a computer” to perform the recited abstract idea, that broad, result-oriented limitation is a mere instruction to implement the abstract idea on a computer and amounts to simply reciting the words “apply it” with the judicial exception. Guidance 84 Fed. Reg. 55. Invoking a computer as a tool, as the claims do here, does not integrate the claims into a practical application or otherwise transform the claims into a patent-eligible invention. *Id.*; *see Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1055 (Fed. Cir. 2017).

Additionally, none of the remaining indicia of integration listed by the Guidance is present in the claim. For example, claim 1 does not recite a particular machine and, instead, generically recites a “method” performed by a computer. Nor do the claims recite the “[t]ransformation and reduction of an *article* ‘to a different state or thing.’” *Bilski*, 561 U.S. 593, 604 (2010) (emphasis added, alteration in original), *quoted in* MPEP § 2106.05(c). The claims do not transform a physical object or substance. In this way, the

claims are unlike the transformations found in some eligible claims. *See, e.g., Diehr*, 450 U.S. at 184 (a process that transforms rubber).

We, therefore, determine the claims are not directed to a specific asserted improvement in technology or otherwise integrated into a practical application and, thus, are directed to a judicial exception.

Step 2B

Next, we determine whether the claims include additional elements that provide significantly more than the recited judicial exception, thereby providing an inventive concept. *Alice*, 573 U.S. at 221 (quoting *Mayo*, 566 U.S. at 72–73).

The Examiner determines that, both individually and as an ordered combination, “the additional elements of the computer and database do not go beyond what is well-understood, routine, and conventional activity” and such “involvement of the generic computer products does not amount to significantly more than the abstract idea.” Ans. 6, 8; Final Act. 7–8.

We agree with the Examiner. Appellant does not appear to contest the Examiner’s determination that the claims recite the use of generic computers. *See* Reply Br. 13 (“Appellant note[s] . . . that the use of generic computers does not preclude patentability.”). Moreover, as the Examiner finds, “the disclosure recites general computer products which are suitable to perform the claimed method” and the “use of computing devices in [the claimed] manner is merely what computers do, [i.e.,] performing repetitive calculations, receiving, processing, and storing data, and automating mental tasks.” Ans. 7–8 (citing Spec. 10).

Appellant argues “the claims add unconventional steps which result in an extremely useful application.” Appeal Br. 12; *see* Reply Br. 15–18. The

Examiner has the better position. “Even assuming [the claimed invention is novel], it does not avoid the problem of abstractness.” *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1263 (Fed. Cir. 2016)); *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (stating that it is not “enough for subject-matter eligibility that claimed techniques be novel and nonobvious”) (citations omitted). Initially, Appellant has not described exactly what recited steps are “unconventional.” See Appeal Br. 12; see also Reply Br. 15–18. Assuming Appellant refers to the sale of investments to purchase a deferred annuity, such investment swaps and strategies are fundamental economic practices, as discussed above, and so, are abstract ideas. Even if the claimed investment strategy were “unconventional,” that alleged novelty is only in the abstract idea itself and does not persuade us the claims are otherwise directed to patent-eligible subject matter.

We thus conclude that the claims do not provide an inventive concept because the additional elements recited in the claims, considered individually and as an ordered combination, do not provide significantly more than the recited judicial exception. Accordingly, we are not persuaded that the claims recite patent-eligible subject matter. Further, Appellant has not proffered sufficient evidence or argument to persuade us that any of the limitations in the remaining claims provide a meaningful limitation that transforms the claims into a patent-eligible application. See Appeal Br. 11–13. Therefore, we sustain the rejection of claims 1, 4–6, 9, and 10 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter.

Obviousness

Appellant argues the Examiner erred in concluding that claims 1, 5, 6, and 10 would have been obvious over the combination of Tarbox, Williams, and Rowen. Appeal Br. 5–11; Reply Br. 3–9. Specifically, Appellant argues “objective evidence,” i.e., secondary considerations of nonobviousness, supports a determination of nonobviousness. Appeal Br. 10–11; Reply Br. 5–9.

We are not persuaded. Among other limitations, the Examiner finds, and we agree, that Tarbox teaches automatically purchasing an annuity with the proceeds of the sale of one or more investments in an investment vehicle. Final Act. 9 (citing Tarbox ¶¶ 55, 79, 82, 105, 124). Indeed, Tarbox teaches its system “carries out transactions changing the allocation(s), saving plans, and/or distribution mechanisms of an individual plan participant” and “aggregates and nets the transactions between the investment allocations . . . and annuities and other mechanisms 36 and their underlying investments.” Tarbox ¶ 124. The Examiner further finds, and we agree, Williams teaches a particular type of annuity, namely, a “deferred annuity.” Final Act. 10 (citing Williams ¶¶ 44, 94, 230–235, 362). Indeed, Williams teaches “an insurance product can be constructed that provides most of the same benefits as [a] security,” and identifies as an example “a deferred annuity.” Williams ¶ 44. The Examiner offers two motivations for combining Tarbox and Williams. The first motivation the Examiner takes from Williams itself: “to provide a method that combines the best features of defined benefit and defined contribution plans in order to provide secure returns, portability, and access in an investment product that may be readily understood by investors and that provides a defined benefit.” Final Act. 10–11 (citing Williams

¶ 10). The second motivation the Examiner offers “is simply a substitution of one known element for another (e.g. annuity and deferred annuity), and one of ordinary skill in that art would have recognized that the results of the substitution were predictable.” Final Act. 11.

As an initial matter, we note Appellant has not filed its relied-upon evidence with the instant Appeal Brief. *See* Appeal Br. 16 (“There is no evidence being relied upon which was submitted pursuant to 37 CFR 1.130, 1.131 or 1.132.”). Appellant did appear to file documents along with a defective Appeal Brief filed March 2, 2016, but those documents were filed as non-patent literature.

In any case, even upon fully considering the evidence Appellant’s arguments refer to, that evidence does not persuade us that the claims would have been nonobvious. Secondary considerations of nonobviousness include “commercial success, long felt but unsolved needs, [and the] failure of others.” *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). Appellant relies on the evidence to show that “no one had combined previously-known elements to arrive at [the claimed] solution.” Appeal Br. 9–10 (citing Exs. A–D); Reply Br. 6. Even if that were the case, that evidence does not show that, and Appellant has not persuasively explained how, the claimed solution, i.e., selling investments to purchase deferred annuities, was a long felt need. The absence of the claimed deferred annuity product does not conclusively prove that there was a long felt need for that deferred annuity product. Nor does the absence of the claimed deferred annuity product show that others attempted to create such a deferred annuity product, but failed at doing so.

Appellant further highlights an “innovation award for the method described in the claims” given to United Technologies. Appeal Br. 11 (citing Exs. E–F); Reply Br. 7–9. However, Appellant has not explained how the investment plan described in the discussion of United Technologies’ method is coextensive with the scope of the claims, which includes automatic sales and purchases, opting out, and notification of opting out. Nor has Appellant explained how or shown that the alleged evidence of commercial success, i.e., that “6,000 participants, including 2,600 who are younger than 40, have signed up” to United Technologies’ investment plan (Reply Br. 8), has a nexus to the claims. That is, Appellant has not shown that the participants signed up to United Technologies’ investment plan *because of* the claimed features.

As such, we agree with the Examiner that it would have been obvious to combine Tarbox, teaching the purchase of annuities via the sale of investments, with Williams, teaching deferred annuities, to teach the purchase of deferred annuities via the sale of investments. The Examiner’s proffered motivations are supported by rational underpinning. It is a rational goal to improve an investment product by incorporating the “best features” of other investment products, as suggested by Williams. Williams ¶ 10. It is also rational to substitute one investment product for another investment product, namely, deferred annuities for annuities, because both are similar investment products. This strong evidence of obviousness is not outweighed by the weak evidence of secondary considerations, as discussed above.

Accordingly, we are not persuaded that the Examiner erred in concluding claims 1, 5, 6, and 10 would have been obvious over the combination of Tarbox, Williams, and Rowen. Appellant does not argue

separate patentability for dependent claims 4 and 9, which depend from claims 1 and 6. *See* Appeal Br. 5–11. Accordingly, for the reasons set forth above, we sustain the Examiner’s obviousness rejection of claims 1, 4–6, 9, and 10.

CONCLUSION

In summary:

Claims Rejected	35 U.S.C. §	References/Basis	Affirmed	Reversed
1, 4–6, 9, 10	101	Patent Eligibility	1, 4–6, 9, 10	
1, 5, 6, 10	103(a)	Tarbox, Williams, Rowen	1, 5, 6, 10	
4, 9	103(a)	Tarbox, Williams, Rowen, Amstutz	4, 9	
Overall Outcome			1, 4–6, 9, 10	

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