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Subject Matter Eligibility Workshop 2016

**SECTION III: DISCUSSION WORKSHEET FOR ANALYZING THE REJECTION**

This worksheet will be used in the workshop to facilitate the discussion of the hypothetical subject matter eligibility rejection under 35 U.S.C. 101. A chart is provided below to permit workshop participants to step through the analysis and analyze whether the grounds of ineligibility are clearly presented in the action. Note that when making a rejection, the Office action must provide an explanation as to why the claim is ineligible, which must be sufficiently clear and specific to provide applicant sufficient notice of the reasons for ineligibility and enable the applicant to effectively respond.

<b>Claim <u>1</u></b>			
<b><i>SME Analysis in the Written Rejection</i></b>	<b>Yes</b>	<b>No</b>	<b>Notes</b>
<b>Step 2A</b>			
Has a judicial exception been identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The judicial exception is: <b>the abstract idea of advancing funds based on future retirement payments.</b>
Does the rejection point to words of the claim that recite (set forth or describe) the judicial exception?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The words are: <b>the steps describing storing an account for a beneficiary to receive future retirement payments, designating a benefit provider, periodically disbursing a portion of retirement payments, and authorizing the benefit provider to provide the benefit to the beneficiary based on present value of a portion of future retirement payments.</b>
Is there an explanation of why those words are a judicial exception?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The reason is: <b>the concept of advancing funds based on future retirement payments corresponds to concepts identified as abstract ideas by courts. Examples of similar concepts relating to economic practices in which monetary transactions between people are managed are provided in the action by pointing to <i>Alice</i>, <i>Bilski</i>, and <i>Fort Properties</i>.</b>

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<b>Step 2B</b>			
Are any additional elements identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The additional elements are: <b>memory, processor, network interface, controller, and electronic funds transfer.</b>
Does the explanation address the significance of the additional elements individually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Individually, the elements: <b>are well-understood, routine, and conventional elements that amount to no more than implementing the idea with a computerized system.</b>
Does the explanation address the significance of the additional elements as a combination?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Taken as a combination, the elements: <b>add nothing more than what is present when the elements are considered individually. There is no indication that the combination provides any effect regarding the functioning of the computer or any improvement to another technology.</b>

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<b>Claim <u>2</u> (depends from claim <u>1</u>)</b>			
<i>SME Analysis in the Written Rejection</i>	<b>Yes</b>	<b>No</b>	<b>Notes</b>
<b>Step 2A</b>			
Has a judicial exception identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The judicial exception is: <b>the same as claim 1.</b>
Does the rejection point to words of the claim that recite (set forth or describe) the judicial exception?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The words are: <b>see the explanation for claim 1.</b>
Is there an explanation of why those words are a judicial exception?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The reason is: <b>see the explanation for claim 1.</b>
<b>Step 2B</b>			
Are any additional elements identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The additional elements are: <b>the same as claim 1 and also the remote kiosk, including an interactive display, a network connector, and a smart card dispenser.</b>
Does the explanation address the significance of the additional elements individually?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Individually, the elements: <b>are generic computer components performing generic functions that do not provide significantly more than the abstract idea. The smart card dispenser is extra-solution activity.</b>

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Does the explanation address the significance of the additional elements as a combination?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Taken as a combination, the elements: <b>are not discussed in combination with the additional elements of claim 1.</b>
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**SECTION V: DISCUSSION WORKSHEET FOR EVALUATING APPLICANT'S REMARKS AND PREPARING REPLY**

This worksheet will be used in this workshop to assist in evaluating the hypothetical response to a subject matter eligibility rejection. The chart below is used to track the arguments and evaluate their persuasiveness. When evaluating a response, examiners should carefully consider all of applicant's amendments, arguments and evidence rebutting the subject matter eligibility rejection.

What is Applicant's Argument?	I. The Examiner has failed to provide any evidence that claims 1 and 2 encompass ineligible subject matter.	
Is Applicant's argument persuasive?	<input type="checkbox"/> Persuasive	<input checked="" type="checkbox"/> Not Persuasive
Explanation		
<p><u>Step 2A</u>: The identification of a publication, for instance, that discusses a certain idea would not serve as evidence that the idea would be termed "abstract" by the courts. Thus, an argument that documentary evidence has not been provided in identifying the abstract idea is not persuasive. In order to establish that a claim is directed to an abstract idea, the examiner must provide a reasoned rationale that identifies the concept recited in the claim and explains why it is considered an abstract idea. This can be done by comparing the recited concept to concepts courts have found to be abstract ideas. In this hypothetical, the examiner met this burden by identifying that the recited steps of the claim describe "advancing funds based on future retirement payments" and explaining that this is an abstract idea that is not meaningfully different than the abstract ideas drawn to economic concepts identified in <i>Alice</i>, <i>Bilski</i> and <i>Fort Properties</i>. Therefore, the examiner's burden has been met and a proper <i>prima facie</i> case has been made.</p> <p>As a reminder, the July 2015 Update: Subject Matter Eligibility explains that courts consider the determination of whether a claim is eligible, which involves identifying whether an exception such as an abstract idea is being claimed, to be a question of law. Accordingly, courts do not rely on evidence, such as publications, to find that a claimed concept is a judicial exception.</p> <p>In maintaining the rejection, the examiner can explain that the abstract idea has been identified in the prior office action and an explanation provided pointing to similar concepts found to be abstract by the courts, noting that the</p>		

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response does not provide any arguments that support finding a meaningful distinction between the claimed concept and the other abstract ideas identified in the action.

Step 2B:

Applicant also argues that the "processor," "memory," "network interface," "controller," "interactive display" and "network connector" limitations are not shown to be generic computer components performing well-understood, routine and conventional activity using evidence. However, applicant's specification states the "computer system utilizes well-known existing computer capabilities, both hardware and software, to advance funds to the beneficiary." Therefore, applicant's own specification indicates the computer components and functions are well-understood, routine and conventional activity.

When the applicant argues that a particular limitation is not well-understood, routine and conventional, the examiner should reevaluate whether the conventionality of the limitations is readily apparent to those who work in the relevant field. If the conventionality cannot be supported, the rejection should be reconsidered and withdrawn if appropriate. If the rejection is maintained, rebuttal evidence may be provided by the examiner to further support the rejection or clarify the record for appeal.

This argument can be rebutted by pointing to the portion of the specification that supports the finding that the components and their functions are conventional.

Other Options:

If useful, other sources of evidence to support the assertion can be provided, when appropriate, to rebut an argument or evidence from applicant.

For example, a manual or handbook showing conventional computer components or functions could be used to rebut an argument that using a certain additional computer element is not routine. Another source could be a patent that illustrates the state of the art, where the rebuttal could point to a background discussion of conventional components or actions routinely taken. Such use would not be for a showing of lack of novelty, which is not part of the Step 2B inquiry, but rather to show the state of the art.

Another source of evidence is a court decision. As one example, the court in *Content Extraction* noted that use of a scanner to extract data from a

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document was well-known at the time of filing. As another example, *Versata* found the steps of arranging, storing, retrieving, sorting, eliminating, and determining information with a computer as "normal, basic functions of a computer." Care should be taken to ensure that the facts of any case law cited in support of a finding of conventionality comport with the facts of the application being examined. In other words, the examiner should be familiar with the facts of the case law before citing it for support in an Office action.

What is Applicant's Argument?	II. Claims 1 and 2 do not preempt all uses of the purported abstract idea.	
Is Applicant's argument persuasive?	<input type="checkbox"/> Persuasive	<input checked="" type="checkbox"/> Not Persuasive
Explanation		
<p>Preemption is not a standalone test for patent eligibility. Preemption concerns have been addressed by the examiner through the application of the two-step framework. Applicant's attempt to show alternative uses of the abstract idea outside the scope of the claims does not change the conclusion that the claims are directed to patent ineligible subject matter. Similarly, applicant's attempt to show that the recited abstract idea is a very narrow and specific one is not persuasive. A specific abstract idea is still an abstract idea and is not eligible for patent protection without significantly more recited in the claim.</p> <p>See the July 2015 Update: Subject Matter Eligibility that explains that questions of preemption are inherent in the two-part framework from <i>Alice Corp</i> and <i>Mayo</i> and are resolved by using this framework to distinguish between preemptive claims, and 'those that integrate the building blocks into something more...the latter pose no comparable risk of preemption, and therefore remain eligible." The absence of complete preemption does not guarantee the claim is eligible. Therefore, "[w]here a patent's claims are deemed only to disclose patent ineligible subject matter under the <i>Mayo</i> framework, as they are in this case, preemption concerns are fully addressed and made moot." <i>Ariosa Diagnostics, Inc. v. Sequenom, Inc.</i>, 788 F.3d 1371, 1379 (Fed. Cir. 2015). See</p>		

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*also OIP Tech., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362-63 (Fed Cir. 2015).

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What is Applicant's Argument?	III. Claim 1 satisfies the Machine-or-Transformation test.	
Is Applicant's argument persuasive?	<input type="checkbox"/> Persuasive	<input checked="" type="checkbox"/> Not Persuasive
Explanation		
<p>Applicant argues that the claim requires computer implementation and, therefore, meets the M-or-T test. While the M-or-T test is an important clue, it is not a stand-alone test. A claim must pass the two-part framework from <i>Alice/Mayo</i> for eligibility. Moreover, the machine components in claim 1 do not impose any meaningful limitations on the abstract idea as they amount to applying the idea with a computer. As explained in the 2014 Interim Eligibility Guidance, a claim to an abstract idea requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry does not qualify as significantly more.</p> <p>Applicant argues the claimed computer components of a memory, processor, network interface and controller perform the steps of advancing funds to a beneficiary through electronic funds transfer and, therefore, the claim cannot be a purely abstract mental concept. However, as stated in the rejection, the claim simply recites generic computers performing the generic computer functions and this does not amount to significantly more than the abstract idea. The fact that the claim requires a computer and is not a pure mental process is not dispositive.</p> <p>As for the electronic funds transfer, such transfer amounts to electronic record keeping, which the Supreme Court in <i>Alice</i> has identified as a well-understood, routine and conventional computer function. See July Update: Subject Matter Eligibility.</p> <p>Applicant also argues that under <i>Alappat</i> the computer is special purpose, not generic, because it is programmed with software to perform the particular functions of electronic funds transfer. However, under the Supreme Court's</p>		

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decisions in *Alice* and *Bilski*, providing a programmed computer with no further details is insufficient to impart eligibility.

What is Applicant's Argument?	IV. The examiner has not properly considered the invention's commercial success.	
Is Applicant's argument persuasive?	<input type="checkbox"/> Persuasive	<input checked="" type="checkbox"/> Not Persuasive
Explanation		
Commercial success is a secondary consideration for obviousness, not eligibility. The assertion regarding commercial success proves that the invention is an improvement in technology is not persuasive as no nexus is shown between increased sales and particular technological improvements. It is also noted that no technological improvements have been identified.		

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What is Applicant's Argument?	V. The limitations of claim 2 when taken in combination provide significantly more than the purported abstract idea.	
Is Applicant's argument persuasive?	<input checked="" type="checkbox"/> Persuasive	<input type="checkbox"/> Not Persuasive
Explanation		
<p>Applicant argues that the additional elements of claim 2 were not considered in combination with the elements of claim 1 and as such the claim was not considered as a whole. Claim 2 combines use of the kiosk having a smart card dispenser with the system that controls dispersal of retirement funds to a beneficiary based on instructions from a third party to a benefit provider. It is necessary to consider the features of the kiosk in combination with the system for creating a source of funds when evaluating eligibility of the claim.</p> <p>Applicant's arguments regarding the additional limitations of claim 2 are persuasive. The specific elements of claim 2 that work in combination to effect dispersal of advanced retirement funds represent a departure from the routine and conventional sequence of events after the authorization by a third party to provide a monetary benefit to a beneficiary from a benefit provider.</p> <p>In particular, considering these limitations in combination with the additional limitations of claim 1 amount to significantly more than the abstract idea of advancing funds based on future retirement benefits. These limitations in combination provide meaningful limitations beyond generally linking the use of the abstract idea to a particular technological environment.</p>		

Summary:

In reply, the examiner should maintain the rejection of claim 1 providing responses to each of the arguments raised. The rejection of claim 2 should be withdrawn with additional clarifying remarks, as appropriate, regarding the consideration of elements in combination amounting to significantly more than the abstract idea of advancing funds based on future retirement benefits.