

The opinion in support of the decision being entered today was *not* written for publication in a law journal and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

---

*Ex parte* JOEL D. HOPPENSTEIN

---

Appeal No. 2006-2941  
Application No. 10/170,421  
Technology Center 3600

---

HEARD: November 15, 2006

---

Before CRAWFORD, GROSS, and NAPPI, *Administrative Patent Judges*.  
GROSS, *Administrative Patent Judge*.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1, 2, 4 through 14, and 16 through 22, which are all of the claims pending in this application.

Appellant's invention relates to a method for paying liabilities. Claim 1 is illustrative of the claimed invention, and it reads as follows:

1. A method for paying liabilities comprising:

paying into the fund during an accounting period,

establishing liabilities against participants of the fund during the accounting period,

paying out of the fund the established liabilities at the end of the accounting period, and

distributing to participants of the fund computer calculated excesses in the fund at the end of the accounting period;

wherein at least one of the participants comprises at least one customer member.

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

Halley	4,750,121	Jun. 07, 1988
Deavers	6,044,352	Mar. 28, 2000

Claims 1, 2, 4 through 14, and 16 through 22 stand rejected under 35 U.S.C. § 112, first paragraph as failing to comply with the written description requirement.

Claims 1, 4 through 6, 8, 10 through 14, and 16 through 22 stand rejected under 35 U.S.C. § 103 as being unpatentable over Halley. Claims 2, 7, and 9 stand rejected under 35 U.S.C. § 103 as being unpatentable over Halley in view of Deavers.

Reference is made to the Examiner's Answer (mailed March 15, 2006) for the examiner's complete reasoning in support of the rejections, and to appellant's Brief (filed December 20, 2005) and Reply Brief (filed May 4, 2006) for appellant's arguments thereagainst.

## OPINION

We have carefully considered the claims, the applied prior art references, and the respective positions articulated by appellant and the examiner. As a consequence of our review, we will reverse the written description rejection and the obviousness rejections of claims 1, 2, 4 through 14, and 16 through 22.

The examiner (Answer, page 3) rejects all of the pending claims under 35 U.S.C. § 112, first paragraph, as failing to comply with the written description requirement because the phrase “‘computer calculated’ could not be found in original specification filed.” Appellant argues (Brief, page 6) that “the original application is not required to provide *in haec verba* support for the claimed subject matter.” Instead, “one skilled in the art, reading the original application, must immediately discern the limitation at issue in the claims. *Purdue Pharma L.P. v. Faulding Inc.*, 230 F.3d 1320, 56 USPQ2d 1481 (Fed. Cir. 2000).” Appellant points to the declarations from Drs. Schott and Bird as evidence that “use of a computer to implement the calculation steps of the invention was

well known to skilled persons in June 2002. . . . [, and] it would have been abundantly clear to such skilled persons that the distributed excesses are calculated using a computer.”

We agree with appellant. It is well-established that “[a]n inventor need not . . . explain every detail since he is speaking to those skilled in the art. What is conventional knowledge will be read into the disclosure.” In re *Howarth*, 654 F.2d 103, 105; 210 USPQ 689, 691 (C.C.P.A. 1981). Appellant, throughout the specification, describes the invention as it applies to HMOs, which may have over 100 million members (see, for example, page 11, lines 5-7). Further, in the example on page 11 of the specification, the amount of money going into the fund is \$16 per member, or over one and a half billion dollars. In other words, the calculations referenced in the claims may involve billions of dollars divided amongst millions of members. Computers have long been used for calculations involving such large numbers. Thus, the use of a computer to calculate excesses in the fund is considered conventional knowledge that will be read into the disclosure and need not be detailed in the specification. Accordingly, we will not sustain the written description rejection of claims 1, 2, 4 through 14, and 16 through 22.

The examiner (Answer, page 3) further rejects claims 1, 4 through 6, 8, 10 through 14, and 16 through 22 as being unpatentable over Halley. Specifically, the examiner (Answer, page 4) asserts that Halley discloses all of the limitations of claim 1 except for the recited accounting period. However, the examiner contends that using an accounting period is “known and used as a business choice to establish an optimized way of accounting for a particular business set-up.” The examiner concludes (Answer, pages 4-5) that it would have been obvious to include a timely payment schedule in Halley “which is best for business profitability.”

Appellant argues (Brief, page 9) that Halley fails to teach paying into a fund, calculating liabilities against participants of the fund, and paying the established liabilities out of the fund, all with reference to a defined accounting period, nor distributing excesses to participants. Appellant explains (Brief, page 9) that the timing of Halley’s pay-outs depends on the employee’s death, disability, or retirement, not on a defined accounting period.

We agree with appellant. Halley discloses (column 2, line 50) a master trust, which corresponds to the claimed fund in each of independent claims 1 and 14. Further, subscriber employers (or participants, as recited in claims 1 and 14) pay into the fund periodically. If each period were considered to be an accounting period or first period, as recited in claims 1 and 14, respectively, then liabilities would have to be established against the subscriber employers during that period to satisfy claims 1 and 14. The liabilities established against the employers are the periodic benefits from the life insurance policies, which go into effect upon the death, incapacitation, or retirement of employees. It is unclear whether the period during which death benefits, for example, are established for an employee is the same period during which the employer pays into the fund, as required by claim 1. However, even assuming *arguendo* that the periods are the same, there is nothing in Halley that would suggest distributing any excesses to the employers, as recited in each of claims 1 and 14. Thus, Halley fails to disclose or suggest all of the steps of claims 1 and 14, or of claims 4 through 6, 8, 10 through 13, and 16 through 22, which depend therefrom. As the examiner has failed to provide any secondary reference or convincing line of reasoning to modify Halley to include the limitations lacking therefrom, we cannot sustain the obviousness rejection of claims 1, 4 through 6, 8, 10 through 14, and 16 through 22.

Regarding claims 2, 7, and 9, the examiner combines Deavers with Halley, asserting that Deavers teaches that participants pay into the fund at the beginning of or during an accounting period. However, as Deavers fails to teach or disclose paying out the excesses to the participants, Deavers fails to cure the shortcomings of Halley described *supra*. Therefore, we cannot sustain the obviousness rejection of claims 2, 7, and 9.

In accordance with the provisions of 37 CFR § 41.50(a)(1) and the *Manual of Patent Examining Procedure* (MPEP) § 1207.03 (8th ed., Rev. 5, Aug. 2006), this application is remanded to the examiner for an additional response. In particular, the claims are to be reviewed for statutory subject matter under 35 U.S.C. § 101 in view of the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility (1300 *Off. Gaz. Pat. Office* 142 (Nov. 22, 2005)).

The guidelines first require a determination as to whether the claims as a whole are directed to nothing more than abstract ideas, natural phenomena, or laws of nature. Clearly the claims recite neither a natural phenomena nor a law of nature, so the issue is whether they are directed to an abstract idea. We note that it is generally difficult to ascertain whether a process is merely an abstract idea, particularly since claims are often drafted to include minor physical limitations such as data gathering steps or post-solution activity. The present claims, in fact, include a machine-implemented step of calculating excesses. However, the question is whether the claims *as a whole* are nothing more than abstract ideas.

If the claims are considered to be an abstract idea, then the claims are not eligible for and, therefore, are excluded from patent protection. If not, then the next step set forth in the guidelines is to determine whether the claimed invention is directed to a practical application of an abstract idea, law of nature, or natural phenomenon. Again the claims involve neither a law of nature nor natural phenomenon, so the issue is whether they are directed to a practical application of an abstract idea. The guidelines indicate that either a transformation of physical subject matter to a different state or thing or the production of a useful, concrete, and tangible result equates to a practical application of an abstract idea. We note that the useful, concrete, and tangible result test was set forth in *State Street Bank & Trust Co. v. Signature Finance Group, Inc.*, 149 F.3d 1368, 1373; 47 USPQ2d 1596, 1601 (Fed. Cir. 1998), in the context of a machine implemented process. The claims in the present case do not require a machine for the entire process, but do include a step of using a computer for calculating excesses in the fund. Thus, the useful, concrete, and tangible result test would seem to apply. If the examiner determines that the claims are not directed to a practical application of an abstract idea (or that they do not transform physical subject matter to a different state or thing nor produce a useful, concrete, tangible result), then the claims should be rejected under 35 U.S.C. § 101 as being non-statutory.

Accordingly, it is ORDERED that the application is remanded to the examiner to consider a rejection under 35 U.S.C. § 101 in view of the guidelines.

This application, by virtue of its "special" status, requires immediate action by the examiner. See MPEP § 708.01(D) (8th ed., Rev. 5, Aug. 2006). It is important that the

Appeal Number: 2006-2941  
Application Number: 10/170,421

Board of Patent Appeals and Interferences be promptly informed of any action affecting the appeal in this case.

This remand to the examiner pursuant to 37 CFR § 41.50(a)(1) (effective September 13, 2004, 69 Fed. Reg. 49960 (August 12, 2004), 1286 Off. Gaz. Pat. Office 21 (September 7, 2004)) is made for further consideration of a rejection. Accordingly, 37 CFR § 41.50(a)(2) applies if a supplemental examiner's answer is written in response to this remand by the Board.

#### CONCLUSION

The decision of the examiner rejecting claims 1, 2, 4 through 14, and 16 through 22 under 35 U.S.C. 112, first paragraph, and under 35 U.S.C. § 103 is reversed. Further, this case is remanded to the examiner for further consideration of a rejection under 35 U.S.C. § 101.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a). *See* 37 CFR § 1.136(a)(1)(iv).

REVERSED and REMANDED

MURRIEL E. CRAWFORD	)	
Administrative Patent Judge	)	
	)	
	)	
	)	
	)	BOARD OF PATENT
ANITA PELLMAN GROSS	)	APPEALS
Administrative Patent Judge	)	AND
	)	INTERFERENCES
	)	
	)	
ROBERT E. NAPPI	)	
Administrative Patent Judge	)	

APG/vsh

Appeal Number: 2006-2941  
Application Number: 10/170,421

ALEX CHARTOVE  
MORRISON & FOERSTER LLP  
SUITE 5500  
2000 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, DC 20006-1888