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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte HAROLD L. PETERSON,
JAMES B. WILLIAMS,
JOEL R. RIGLER,
and MATTHEW R. MUYRES

Appeal 2015–003916
Application 12/437,126
Technology Center 3600

Before HUBERT C. LORIN, ANTON W. FETTING, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.
FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Harold L. Peterson, James B. Williams, Joel R. Rigler, and Matthew R. Muyres (Appellants) seek review under 35 U.S.C. § 134 of a final rejection of claims 1–4 and 7–23, the only claims pending in the application

¹ Our decision will make reference to the Appellants’ Appeal Brief (“App. Br.,” filed September 29, 2014) and Reply Brief (“Reply Br.,” filed February 10, 2015), and the Examiner’s Answer (“Ans.,” mailed December 15, 2014), and Final Action (“Final Act.,” mailed April 14, 2014).

on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellants invented a way of advertising in interactive computer networks used for marketing for vending and delivery of digital content and services related thereto. Spec. para. 6.

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below (bracketed matter and some paragraphing added).

1. A method for

providing offline advertising on a personal computerized system of a user,

wherein the personal computerized system has a display unit and a primary storage unit,

the method comprising:

(a) providing a campaign set and an inventory of digital content stored in the primary storage unit prior to said primary storage unit being received by the user,

either as part of the personal computerized system or by addition to the personal computerized system,

wherein said campaign set includes a plurality of ads each having respective deployment attributes;

(b) generating a viewable window on the display unit,

wherein said viewable window includes at least one position;

(c) retrieving a said ad from said campaign set

based on its respective said deployment attributes,

wherein said ad is for an item of said digital content present in said inventory;

and

- (d) presenting said ad in said position,
thereby permitting the user of the personal computerized
system to view said ad.

The Examiner relies upon the following prior art:

Petrecca	US 5,781,894	July 14, 1998
Marsh	US 5,848,397	Dec. 8, 1998
Cheng	US 6,151,643	Nov. 21, 2000

Claims 1–4 and 7–23 stand rejected under 35 U.S.C. § 101 as directed to non–statutory subject matter.

Claims 1–4 and 7–23 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Marsh, Petrecca, and Cheng.

ISSUES

The issues of eligible subject matter turn primarily on whether advertising is an abstract concept. The issues of obviousness turn primarily on whether the references show it was known to install product and related ads on a computer prior to purchase, or whether it was otherwise predictable.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to Claim Construction

01. The disclosure contains no lexicographic definition of “inventory” as a noun.
02. The usual meaning of “inventory” is
 - a. A detailed, itemized list, report, or record of things in one's possession, especially a periodic survey of all goods and materials in stock.
 - b. The process of making such a list, report, or record.
 - c. The items listed in such a report or record.
 - d. The quantity of goods and materials on hand; stock.²
03. Although the Specification describes inventory as “the local collection of assets 22 of merchandise or units of service” (Spec. para. 74), this is in the context of a preferred embodiment and not definitional. In any event, this is consistent with conventional meaning (d) supra.

Facts Related to the Prior Art

Marsh

04. Marsh is directed to a system by which users of on-line computer networks may be exposed to a continuously-changing variety of advertisements. Marsh 1:14-17.
05. Marsh’s advertisement display scheduler receives all of the advertisements it will show from the server system. An initial set

² American Heritage Dictionary available at <https://www.ahdictionary.com/word/search.html?q=inventory>

of advertisements may also be loaded along with the client system software to ensure that the user is shown advertisements even before the user goes on-line for the first time. Marsh 13:56–65.

06. Each time a new banner advertisement is displayed, for example, the advertisement display scheduler updates the statistics log file with the identification of the banner advertisement, the time and date it was displayed, and the duration of the display. This information is then used by the advertisement display scheduler in determining which advertisements to display subsequently. Marsh 15:2–10.

Petrecca

07. Petrecca is directed to presenting an advertising message, or set of advertising messages, to users of personal computers ("PC") without inconveniencing the user. Petrecca 1:6–10.
08. Petrecca describes an advertising system and method that appeals to software companies who offer software products at a discounted rate, or free of charge, and to computer companies who install such software into new computers. Sometimes the versions that they offer are "bare bones" versions, or earlier versions of their latest software, which are intended to give the user an idea of what it is like to use their product. Currently many companies such as Prodigy (TM) or Quicken (TM) enter into this type of arrangement so that their software is available to the purchaser of the computer with the purchase of a new computer. This type of arrangement benefits the computer manufacturers and the PC

customers because computer manufacturers can offer their customers attractive software for free, or for very little additional cost, with the purchase of their personal computer system. The software companies hope to benefit from this arrangement by gaining loyal users who will choose their software products, over those of their competitors, when they decide to purchase future versions of the software. The value of having computer users become used to a certain software package is seen as so valuable that software companies spend considerable amounts of money in order to advertise free versions of their software in the hopes of capturing future customers. Petrecca 2:14–42.

09. Petrecca describes an advertising system and method that may be configured so that if a user chooses not to activate the advertising message system the message material is not transferred to the computer during the installation of the software product. Alternatively, if the software is already installed on the storage medium of the computer, as may occur when a consumer purchases a new computer that comes "loaded", the choice of not to activate the advertising system activates a routine that erases the message material so that it does not take up space on the user's hard drive. Petrecca 4:44–53.

Cheng

10. Cheng is directed to automatically updating software products from diverse software vendors on a plurality of end-user, client computer systems. Cheng 1:10–15.

11. The access that the service provider computer has to the software profile of the client computers lends itself to sending information, advertisements, and other promotional material that would be appropriate to each specific user, based on the software installed on the user's computer. Basing information delivery on the installed software products increases the saliency of the information since the user has already manifested an interest in the products. Thus, advertising or promotional information that is derived from or associated with such software products is most likely to be of interest to the user. The service provider computer associates software products with advertising information, and enables this advertising information to be periodically delivered to the user. Cheng 22:29–42.

ANALYSIS

Claims 1–4 and 7–23 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter

The Supreme Court

set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. First, [] determine whether the claims at issue are directed to one of those patent-ineligible concepts. [] If so, we then ask, “[w]hat else is there in the claims before us? [] To answer that question, [] consider the elements of each claim both individually and “as an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application. [The Court] described step two of this analysis as a search for an “inventive concept”—i.e., an

element or combination of elements that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.”

Alice Corp., Pty. Ltd. v CLS Bank Intl, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012)).

To perform this test, we must first determine whether the claims at issue are directed to a patent–ineligible concept. Appellants state that the claims directed to offline advertising. Reply Br. 4.

While the Court in *Alice* made a direct finding as to what the claims were directed to, we find that this case’s claims themselves and the Specification provide enough information to inform one as to what they are directed to.

The preamble to claim 1 recites that it is a method for providing offline advertising on a personal computerized system of a user. The steps in claim 1 result in presenting an ad. The Specification at paragraph 1 recites that the invention relates to advertising in interactive computer networks used for marketing for vending and delivery of digital content and services related thereto. Thus, all this evidence shows that claim 1 is directed to presenting an ad, i.e. advertising. This is consistent with Appellants’ statement in the Reply Brief.

It follows from prior Supreme Court cases, and *Bilski* (*Bilski v Kappos*, 561 U.S. 593 (2010)) in particular, that the claims at issue here are directed to an abstract idea. Like the risk hedging in *Bilski*, the concept of advertising is a fundamental business practice long prevalent in our system

of commerce. The use of advertising is also a building block of modern marketing. Thus, advertising, like hedging, is an “abstract idea” beyond the scope of § 101. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2356.

As in *Alice Corp. Pty. Ltd.*, we need not labor to delimit the precise contours of the “abstract ideas” category in this case. It is enough to recognize that there is no meaningful distinction in the level of abstraction between the concept of risk hedging in *Bilski* and the concept of advertising at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2357.

Further, claims involving data collection, analysis, and display are directed to an abstract idea. *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (holding that “collecting information, analyzing it, and displaying certain results of the collection and analysis” are “a familiar class of claims ‘directed to’ a patent ineligible concept”); *see also In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016). Claim 1, unlike the claims found non-abstract in prior cases, uses generic computer technology to perform data collection, analysis, and display and does not recite an improvement to a particular computer technology. *See, e.g., McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314–15 (Fed. Cir. 2016) (finding claims not abstract because they “focused on a specific asserted improvement in computer animation”). As such, claim 1 is directed to the abstract idea of receiving, analyzing, and displaying data.

The remaining claims merely describe generic equipment and software parameters. We conclude that the claims at issue are directed to a patent–ineligible concept.

The introduction of a computer into the claims does not alter the analysis at Mayo step two.

the mere recitation of a generic computer cannot transform a patent–ineligible abstract idea into a patent–eligible invention. Stating an abstract idea “while adding the words ‘apply it’” is not enough for patent eligibility. Nor is limiting the use of an abstract idea “to a particular technological environment.” Stating an abstract idea while adding the words “apply it with a computer” simply combines those two steps, with the same deficient result. Thus, if a patent’s recitation of a computer amounts to a mere instruction to “implement[t]” an abstract idea “on . . . a computer,” that addition cannot impart patent eligibility. This conclusion accords with the preemption concern that undergirds our §101 jurisprudence. Given the ubiquity of computers, wholly generic computer implementation is not generally the sort of “additional feature[e]” that provides any “practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2358 (citations omitted).

“[T]he relevant question is whether the claims here do more than simply instruct the practitioner to implement the abstract idea [] on a generic computer.” *Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2359. They do not.

Taking the claim elements separately, the function performed by the computer at each step of the process is purely conventional. Using a computer to provide, retrieve and present data and generate display windows

amounts to electronic data query and retrieval—one of the most basic functions of a computer. In short, each step does no more than require a generic computer to perform generic computer functions.

Considered as an ordered combination, the computer components of Appellants’ method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants’ method claims simply recite the concept of advertising as performed by a generic computer. To be sure, the claims recite doing so by advising one to store ads along with digital content related to the ads and present the ads based on attributes. But this is no more than abstract conceptual advice on the parameters for such promotion and the generic computer processes necessary to process those parameters, and do not recite any particular implementation.

The method claims do not, for example, purport to improve the functioning of the computer itself. Nor do they effect an improvement in any other technology or technical field. Instead, the claims at issue amount to nothing significantly more than an instruction to apply the abstract idea of advertising using some unspecified, generic computer. Under our precedents, that is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2360.

As to the structural claims, they

are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long “warn[ed] . . . against” interpreting § 101

“in ways that make patent eligibility ‘depend simply on the draftsman’s art.’”

Alice Corp. Pty. Ltd., 134 S. Ct. at 2360.

We are not persuaded by Appellants' argument that the primary storage unit, containing the campaign set and the inventory of digital content, is provided prior to the primary storage unit being received by the user and being useable in the personal computerized system. App. Br. 8. Data storage is a generic computer operation per se. There is nothing distinguishable about timing such storage relative to the timing of delivery to a customer, as software is routinely added both prior to and subsequent to delivery. For example, the operating system is provided in the primary storage prior to delivery. This is again a generic computer operation. The nature of the data being ads is afforded no weight as the nature does not functionally affect the claim operations.

We are not persuaded by Appellants' argument that there is a particular machine because the steps of generating, retrieving, and presenting require the personal computerized system to be particularly programmed or to perform particular execution. App. Br. 9. Although these steps may require programming, the claims do not recite such programming, but instead only recite the results to be obtained, which again are generic computer operations. The claims do not recite steps that create specific improvements in computer operation.

The patents claim systems including menus with particular features. They do not claim a particular way of programming or designing the software to create menus that have these features, but instead merely claim the resulting systems. Essentially, the

claims are directed to certain functionality—here, the ability to generate menus with certain features. Alternatively, the claims are not directed to a specific improvement in the way computers operate.

Apple, Inc. v. Ameranth, Inc., 842 F.3d 1229, 1241 (2016)

We are not persuaded by Appellants' argument that offline advertising is an improvement to advertising, and that it is concurrently an improvement to the computer itself. Reply Br. 5. As to the computer itself, this argument is completely conclusory, and is absent any supporting argument or evidence. As to it being an improvement to advertising, improving an abstraction is itself an abstraction. “Adding one abstract idea . . . to another abstract idea . . . does not render the claim non-abstract.” *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1327 (2017)

Claims 1–4 and 7–23 rejected under 35 U.S.C. § 103(a) as unpatentable over Marsh, Petrecca, and Cheng

We are not persuaded by Appellants' argument that

Cheng's installed software products and updates to them are not equivalent to Appellant's local inventory of digital content to be purchased. At col. 22, ln. 28-42 Cheng teaches information delivery related to its installed software products, with no discussion there of how those software products came to be installed. This paragraph is accordingly irrelevant to "an inventory of digital content stored in the primary storage unit prior to said primary storage unit being received by the user" (claim 1, emphasis added). Moreover, one of ordinary skill in the art will appreciate that "installed" in the context of Cheng means that such an installed software product is not equivalent to part of an "inventory" in the context of Appellant's claims,

wherein the inventory includes assets being advertised to the user rather than products they already have and are able to use.

App. Br. 12.

First, as to timing of installation, there are only two choice, before or after delivery to user either by direct connection or over the Internet. Each is equally predictable and desirable in general and the choice is driven by the marketing and sales model rather than technological considerations.

Second, the Examiner applies Petrecca rather than Cheng for this limitation. Final Act. 6. Petrecca explicitly describes software provided by the likes of Prodigy or Quicken installed on a computer prior to purchase of that computer. The Examiner then finds that Petrecca's ads are for software upgrades rather than the originally installed software and applies Cheng for such a relationship. Final Act. 6–7. Cheng states that “[b]asing information delivery on the installed software products increases the saliency of the information since the user has already manifested an interest in the products.” Cheng 22:34–36. This describes the relationship between ads and installed product recited in the claims. Whether Cheng is sufficiently explicit as to whether the installation occurred prior to purchase is not determinative, as Petrecca was applied for that timing recitation.

Finally, Appellants contends that

one of ordinary skill in the art will appreciate that "installed" in the context of Cheng means that such an installed software product is not equivalent to part of an "inventory" in the context of Appellant's claims, wherein the inventory includes assets being advertised to the user rather than products they already have and are able to use.

App. Br. 12. The limitation at issue is “an inventory of digital content stored in the primary storage unit prior to said primary storage unit being received by the user.” The claim recites nothing regarding ability or inability for use. Although another limitation is “wherein said ad is for an item of said digital content present in said inventory,” even an ad for a product upgrade to a product in inventory is “for an item of said digital content present in said inventory,” as how the word “for” modifies “item” is not recited and is extremely broad. Also, the content of an ad is discernable only in the mind of the beholder and therefore afforded no patentable weight. *In re Bernhart*, 417 F.2d 1395, 1399 (CCPA 1969).

We are not persuaded by Appellants' argument that the combination would be inoperative or change the principles of operation. App. Br. 13–14.

The Appellants cite *In re Ratti*, 270 F.2d 810 (CCPA 1959), which stated that

[w]e hold, further, that the combination of Jepson with Chinnery et al. is not a proper ground for rejection of the claims here on appeal. This suggested combination of references would require a substantial reconstruction and redesign of the elements shown in Chinnery et al. as well as a change in the basic principles under which the Chinnery et al. construction was designed to operate.

Id. at 981. This holding does not apply in this case for the same reason as explained by the CCPA in *In re Hebbeling*, 357 F.2d 1001, 1006 (CCPA 1966).

The decisions in *In re Ratti* and *In re Shaffer* relied on by the appellant, are not considered controlling here. In each of those cases, the court concluded that the modification of the basic reference relied on in the rejection reversed by it was not made

obvious by the prior art. In the present case, we find nothing which satisfies us that the substitution suggested in the rejection of claims 1 and 2 would not have been obvious or provides any unobvious result.

Here the only limitations applied from Petrecca and Cheng are the timing of the data storage and the relationship between the ads and digital product. Storing prior to purchase and relating the ads to the product stored prior to purchase would not affect Marsh. Indeed storing software prior to purchase was already known and widely practiced at least of the operating system and preinstalled applications and relating ads to the products they refer to is and was common sense.

CONCLUSIONS OF LAW

The rejection of claims 1–4 and 7–23 under 35 U.S.C. § 101 as directed to non–statutory subject matter is proper.

The rejection of claims 1–4 and 7–23 under 35 U.S.C. § 103(a) as unpatentable over Marsh, Petrecca, and Cheng is proper.

DECISION

The rejection of claims 1–4 and 7–23 is affirmed.

Appeal 2015-003916
Application 12/437,126

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) (2011).

AFFIRMED