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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
12/380,457	02/27/2009	Robert B. Hubbard	Hubbard-5	1397
27899	7590	09/21/2016	EXAMINER	
WILLIAM J. BENMAN 1875 CENTURY PARK EAST SUITE 700 LOS ANGELES, CA 90067			FLYNN, KEVIN H	
			ART UNIT	PAPER NUMBER
			3628	
			NOTIFICATION DATE	DELIVERY MODE
			09/21/2016	ELECTRONIC

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ROBERT B. HUBBARD

Appeal 2015-007006
Application 12/380,457
Technology Center 3600

Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
PHILIP J. HOFFMANN, *Administrative Patent Judges*.

FETTING, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE¹

Robert B. Hubbard (Appellant) seeks review under 35 U.S.C. § 134 of a final rejection of claims 1–18, the only claims pending in the application on appeal. Appellant petitioned to advance the order of this appeal under the PTAB’s Streamlined, Expedited Patent Appeal Pilot for Small Entities on

¹ Our decision will make reference to the Appellant’s Appeal Brief (“App. Br.,” filed July 17, 2013) and Reply Brief (“Reply Br.,” filed July 20, 2015), and the Examiner’s Answer (“Ans.,” mailed June 2, 2015) and Final Action (“Final Act.,” mailed April 16, 2012).

August 25, 2016. The petition decision granting the petition was mailed August 26, 2016. In that petition, under the terms of the program, Appellant agreed that for each ground of rejection applying to two or more claims, the PTAB may select a single claim from the claims subject to each ground of rejection and decide the appeal to be made special with respect to every claim subject to that ground of rejection on the basis of the selected claim alone. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b).

The Appellant invented a way of optimizing the pricing of multimedia content delivery. Specification Title.

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

1. A system for setting a price for delivering multimedia content to subscribers' devices comprising:

a server;

memory coupled to said server;

software stored in said memory and executed by said server for
obtaining data on subscribers' actions on said devices

and

software stored in said memory and executed by said server for
determining a price to charge a content provider to
deliver multimedia content to said devices based on said
data.

The Examiner relies upon the following prior art:

Landesmann	US 2002/0052782 A1	May 2, 2002
Strauss	US 2007/0271136 A1	Nov. 22, 2007
Davis	US 2008/0147484 A1	June 19, 2008

Claims 1–18 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–6, 8, and 10–18 stand rejected under 35 U.S.C. § 102(b) as anticipated by Landesmann.

Claims 7 and 9 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Landesmann and Strauss.

Claims 1–18 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Davis and Landesmann.

ISSUES

The issue of statutory subject matter turn primarily on whether the claims are directed to abstract ideas. The issues of anticipation and obviousness turn primarily on whether Landesmann anticipates the claims.

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 the Prior Art

Landesmann

01. Landesmann is directed to the field of marketing, and more particularly to the field of buyer-driven targeting of purchasing entities. Landesmann para. 2.
02. Landesmann describes calculating a charge to the third party advertiser for the search and/or distribution of the incentive to the

group of buyer entities. The charge may be calculated on the basis of the various scores of each of the buyer entities in the groups which measure how valuable a buyer entity is to advertisers. This value could relate to the overall value of that buyer entity to all advertisers. Alternatively or additionally, it could relate to the value of that buyer entity to advertisers in a particular product category. The scores and charges for each buyer entity can be a function of the recency/timing and volume of its past purchases, with different weights given to different categories of products, types of products and different sellers from whom the buyer entity purchased its products, as well as a function of the responsiveness of that buyer entity to previous promotions and the degree to which a buyer entity limits the number of advertisements and promotions it wishes to receive in a particular time period.

Landesmann para. 194.

Strauss

03. Strauss is directed to online advertising and, in particular, to the concept of displaying relevant advertising based on geographic proximity of the viewer to the advertiser combined with scheduling preferences of the advertiser. Strauss para. 1.

Davis

04. Davis is directed to advertising and more particularly to a method of cost optimizing advertising on a portable communication device. Davis para. 3.

ANALYSIS

Claims 1–18 rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter

The Examiner finds that claims 1–18 are directed to the abstract idea of determining a price to charge a content provider based on subscriber action data. Ans. 2. We select method claim 18 as representative.

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 Labs, 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.

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.

The preamble to claim 18 recites that it is a method for setting a price. The two steps in claim 18 result in determining a price to charge a content provider. The Specification title recites that the invention relates to a system and method for optimizing the pricing of multimedia content delivery. Thus, all this evidence shows that, as the Examiner finds, claim 18 is directed to setting a price.

It follows from prior Supreme Court cases, and *Bilski* in particular, that the claims at issue here are directed to an abstract idea. *Bilski v. Kappos*, 561 U.S. 593 (2010). Like the risk hedging in *Bilski*, the concept of pricing is a fundamental commercial practice long prevalent in our system of commerce. The use of pricing is also a building block of all market economies. Thus, pricing, 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 pricing 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.

We are not persuaded by Appellant’s argument that the Examiner failed to provide any evidence to support his finding. Reply Br. 16. Pricing is too imbued in the literature and history of the capitalist economy in our country and England before that to seriously raise this as an issue. Appellant suggests that “it should be easy for the Examiner to cite references that show at least one system in which a content provider is charged a price for advertising based on the actions of subscribers on their mobile devices or

some abstraction thereof.” *Id.* This conflates what the claims are directed to, *viz.* pricing, with the manner of doing so, *viz.* being based on the actions of subscribers on their mobile devices, and what is priced, *viz.* content provider advertising. These elements are considered once direction to an abstract concept is found.

Basing a price on actions is no more than conceptual advice. No particular algorithm is recited and, more to the point, no use of the price in performing a transaction is recited either. Similarly, a description of what is priced is conceptual advice as to what is being priced. Concepts, being abstract ideas, are not patent eligible. *Bilski v. Kappos*, 561 U.S. at 601 and 653.

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 record data and arrive at a price amounts to electronic data collection and computation—one of the most basic functions of a computer. All of these computer functions are well-understood, routine, conventional activities previously known to the industry. In short, each step does no more than require a generic computer to perform generic computer functions. Looking at the claim as a whole, it accepts inputs to arrive at a number. Few operations are more primitive or generic.

Considered as an ordered combination, the computer components of Appellant’s method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellant’s method claims simply recite the concept of pricing as performed by a generic computer. 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 pricing 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.

We are not persuaded by Appellant’s argument that

the Examiner appears to be suggesting that *Alice* precludes patent eligibility for anything that is implemented on a generic

computer. (See, for example, the Examiner's rationale re Claims 16 and 17.) However, this position is not supported by the case law. *Alice* does not proscribe the use of generic computer components. *Alice* merely states that the recitation of generic computer components does not render an abstract idea patentable.

Reply Br. 17. While we agree with the premise, this argument is inapplicable to using a generic computer to implement an abstract idea. We agree that using a generic computer to implement a non-abstract process might be eligible.

We are not persuaded by Appellant's argument that

the invention at issue is not a generic computer implementation. Instead, it improves on the function of pricing advertising by sensing user responses to ads via actions on cellular platforms, distributing that data to servers via a network, and processing that data at the server. Even though some steps may be performed on generic components, the step of monitoring user actions on a mobile platform requires the use of a custom applet and is therefore not 'generic'. This constitutes: 1) improvement in another technology, i.e, the cellular phone as a data collection tool; 2) an improvement in the functioning of the pricing system itself; and 3) meaningful limitations beyond linking the allegedly abstract idea to the technological environment itself.

Id. None of the custom applet, manner of data collection, or pricing algorithm is recited in the claims. Simply monitoring using interactions is one of the most primitive operating system functions in any generic computing device, including cell phones. As such this cannot be the basis for finding the steps non-generic.

As Appellant agreed that all claims stand or fall on the basis of the selected representative claim, the rejection as to the remaining claims is affirmed as well.

*Claims 1–6, 8, and 10–18 rejected under 35 U.S.C. § 102(b) as anticipated
by Landesmann*

The Examiner entered this rejection for the first time in the Answer. Ans. 4–10. Appellant argues with specificity claims 5 and 6 only. Suppl. Br. 18–19; Reply Br. 18–19.

This is insufficient to act as a separate argument under 37 C.F.R. § 41.37 of the remaining claims. As our reviewing court held,

we hold that the Board reasonably interpreted Rule 41.37 to require more substantive arguments in an appeal brief than a mere recitation of the claim elements and a naked assertion that the corresponding elements were not found in the prior art.

In re Lovin, 652 F.3d 1349, 1357 (Fed. Cir. 2011).

Accordingly, the rejection as to claims 1–4, 8, and 10–18 is summarily affirmed. We select claim 1 as representative. As Appellant agreed that all claims stand or fall on the basis of the selected representative claim, the rejection as to the remaining claims is affirmed as well.

*Claims 7 and 9 rejected under 35 U.S.C. § 103(a) as unpatentable over
Landesmann and Strauss*

Appellant does not argue either of these claims. Accordingly the rejection is summarily affirmed.

*Claims 1–18 rejected under 35 U.S.C. § 103(a) as unpatentable over Davis
and Landesmann*

Appellant does not argue the substance of the rejection, but only that the Davis reference should not be accepted as prior art. As we find that these claims, with the exception of claims 7 and 9, are anticipated by Landesmann alone, *supra*, a finding as to whether Davis is prior art is not necessary to affirming the rejection. Anticipation is the epitome of obviousness. *Structural Rubber Products Co. v Park Rubber Co.*, 749 F.2d 707, 716 (Fed. Cir. 1984).

We select claim 1 as representative. As Appellant agreed that all claims stand or fall on the basis of the selected representative claim, the rejection as to the remaining claims is affirmed as well.

CONCLUSIONS OF LAW

The rejection of claims 1–18 under 35 U.S.C. § 101 as directed to non-statutory subject matter is proper.

The rejection of claims 1–6, 8, and 10–18 under 35 U.S.C. § 102(b) as anticipated by Landesmann is proper.

The rejection of claims 7 and 9 under 35 U.S.C. § 103(a) as unpatentable over Landesmann and Strauss is proper.

The rejection of claims 1–18 under 35 U.S.C. § 103(a) as unpatentable over Davis and Landesmann is proper.

DECISION

The rejection of claims 1–18 is affirmed.

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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