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BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte RYAN MELCHER, STEVE YANKOVICH,
VINCENT VILLANUEVA, MOHAN PATT,
JENNIFER CHANG, ENOCH CHEN, and DANNY CHANG

Appeal 2016-001142
Application 13/074,520¹
Technology Center 3600

Before DEBRA K. STEPHENS, NABEEL U. KHAN, and
PHILLIP A. BENNETT, *Administrative Patent Judges*.

BENNETT, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's final rejection of claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22. We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ Appellants' Brief ("App. Br.") identifies the real party in interest as eBay, Inc. App. Br. 2.

CLAIMED SUBJECT MATTER

The claims are directed to a systems and methods for inventory generation and management. Spec. ¶ 1. Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A system comprising:
a memory that stores:
 transaction data for an online marketplace; and
 an inventory corresponding to a consumer of goods from the online marketplace, the inventory comprising a list of items, the consumer being a member of a family, the inventory being a family inventory of the family; and
a processor configured to execute:
 an identification module configured to:
 access a determination that the consumer has purchased an item, the determination based on the transaction data for the online marketplace; and
 add the item to the inventory based on the determination, the inventory having permissions to allow another member of the family to list the item for sale; and
 an interface module configured to:
 generate, based on the permissions, an interface that provides an option to list the item for sale by another member of the family.

App. Br. 39 (Claims Appendix).

REFERENCES

The prior art relied upon by the Examiner in rejecting the claims on appeal is:

Pugliese	US 2002/0072974 A1	Jun. 13, 2002
Ben Simon	US 2007/0233585 A1	Oct. 4, 2007
Adstedt	US 2008/0222003 A1	Sep. 11, 2008
Kalaboukis	US 2010/0179857 A1	Jul. 15, 2010

REJECTIONS

Claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Final Act. 8.

Claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22 stand rejected under 35 U.S.C. § 112, second paragraph as being indefinite. Final Act. 12.

Claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Adstedt and Pugliese. Final Act. 14.

Claim 21 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Adstedt, Pugliese, and Kalaboukis. Final Act. 20.

Claim 22 stands rejected under 35 U.S.C. §103(a) as being unpatentable over Adstedt, Pugliese, Kalaboukis, and Ben Simon. Final Act. 21.

ISSUES

First Issue: Has the Examiner erred in concluding the claims are directed to non-statutory subject matter?

Second Issue: Has the Examiner erred in concluding independent claims 1, 15, and 20, are indefinite?

Third Issue: Has the Examiner erred in concluding the claims are obvious over the prior art based on a determination that the “permissions” limitations recited in claims 1, 15, and 20, are non-functional descriptive material not entitled to patentable weight?

ANALYSIS

First Issue

In rejecting the claims under 35 U.S.C. § 101, the Examiner concludes the claims are directed to the abstract idea of “managing inventory items and selling items from the inventory.” Final Act. 9. The Examiner further determines the concept of managing inventory is a fundamental economic practice. Final Act. 10 (“The use of the concept of managing inventory of items and selling items from the inventory is also a building block of the modern economy.”). The Examiner further finds the claims do not amount to significantly more than the abstract idea because the abstract idea is implemented using a generic computer performing conventional functions “which are well-understood, routine, conventional activities previously known to the industry.” Final Act. 11. According to the Examiner, when “viewed as a whole, the method/system/manufacture claims simply recite the concept of managing inventory of items and selling items from the inventory and related solutions as performed by a generic computer.” *Id.* 12.

Appellants assert several errors in the Examiner’s analysis. First, Appellants assert procedural error, contending the Examiner provided insufficient evidentiary support for the determination that the claims are directed to an abstract idea. App. Br. 18. In support of that contention, Appellants argue the Examiner has failed to perform sufficient fact-finding to satisfy the requirements of the Administrative Procedure Act. App. Br. 19–20. Appellants further argue the Examiner’s analysis is nothing more than a conclusory statement, and court decisions invalidating claims under Section 101 have relied on “authoritative documentation” to support determinations that claims are directed to an abstract idea. App. Br. 21–22.

Moreover, Appellants argue the Office prior Board decisions have reversed rejections under 35 U.S.C. § 101 that are untethered to the language of the claims and merely express an opinion and not evidence. App. Br. 22–23. Finally, Appellants argue the Examiner has failed to analyze the dependent claims individually, and has not provided sufficient reasoning to sustain the rejections of those claims.

We are not persuaded by Appellants’ assertions of procedural error on the part of the Examiner. Examiner has set forth with specificity why the claims are directed to patent ineligible subject matter. We also disagree with Appellants’ argument that the dependent claims were not sufficiently addressed. The Examiner explained in the Answer that the limitations variously recited in the dependent claims “are merely directed to data processing and extra-solution activities which courts have found to be abstract.” Ans. 10. We discern no error in the Examiner’s determination or consideration of the dependent claims.

Appellants assert substantive errors in the Examiner’s analysis as well. With respect to the Examiner’s determination that the claims are not directed to an abstract idea, Appellants argue because the claims “are directed to a specific set of operations for generating, based on the permissions, an interface that provides an option to list the item for sale by another member of a family,” they are “not a fundamental economic practice like risk management or intermediated settlement.” App. Br. 26. Appellants further argue, “due to their relative novelty,” their claimed concepts cannot be long prevalent in commerce. Additionally, Appellants contend the claims do not seek to tie up a judicial exception and include limitations that “are

specific and meaningful,” and therefore no concern of preemption is present. App. Br. 27–28.

Moreover, Appellants contend that even if the claims are directed to an abstract idea, they amount to significantly more and include an inventive concept. Appellants provide several arguments in support. Specifically, Appellants argue the claims recite a specially-configured computer which includes an “identification module” and an “interface module” to perform various operations. App. Br. 29–30. Appellants further argue the claims are specific and not general, weighing against a finding of ineligibility. App. Br. 31. Appellants further argue the claims solve a technological problem because they “provid[e] to another member of the family, based on the permissions, an interface that includes an option to list the item for sale.” App. Br. 30–31. Appellants also contend the functions recited in the claims are not purely conventional because the Examiner has ignored that the claims provide a “unique combination of operations,” citing the step of “providing to another member of the family, based on the permissions, an interface that includes an option to list the item for sale,” as an example of such a unique operation. App. Br. 32–34. Appellants also argue the claims improve the functioning of the computer itself by implementing permissions which “constitute an improvement to the technical field of machines that generate and manage inventories.” App. Br. 34–35. Finally, Appellants rely on *DDR Holdings LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), arguing the claims solve a technological problem rooted in computer technology—namely—the problem of generating and maintaining inventories for a family. App. Br. 36–37.

We are not persuaded the Examiner has erred. In issues involving subject matter eligibility, our inquiry focuses on whether the claims satisfy the two-step test set forth by the Supreme Court in *Alice Corp. v. CLS Bank Int'l.*, 134 S. Ct. 2347 (2014). The Supreme Court instructs us to “first determine whether the claims at issue are directed to a patent-ineligible concept,” *Alice*, 134 S. Ct. at 2355, and, in this case, the inquiry centers on whether the claims are directed to an abstract idea. If the initial threshold is met, we then move to the second step, in which we “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.” *Id.* (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 79, 78 (2012)). The Supreme Court describes the second step 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.’” *Id.* (quoting *Mayo*, 566 U.S. at 72–73).

Here, the Examiner characterizes the invention as being directed to the abstract idea of “managing inventory items and selling items from the inventory.” Final Act. 9. This characterization is supported by the evidence of record. More specifically, Appellants’ Specification characterizes the application as providing “[a]n inventory system [] to generate and maintain an inventory of a consumer’s belongings, including, for example, fungible products and collectibles.” Spec. ¶ 11. This characterization is consistent with the Examiner’s characterization.

As we discussed above, Appellants make several arguments against the determination that the claims are directed to an abstract idea. We address each in turn.

Appellants argue the invention is not an abstract idea because generating an interface based on permissions to provides an option to list the item for sale by different family members is not a fundamental economic practice like risk management or intermediated settlement. App. Br. 26. We disagree, because the concepts of risk management and intermediated settlement are not limiting contours of what constitutes an abstract idea, and instead are better viewed as exemplary in nature. As the Federal Circuit has noted, while “courts have recognized that it is not always easy to determine the boundary between abstraction and patent-eligible subject matter . . . [r]ecent precedent illustrates this boundary in a variety of factual circumstances.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015). In evaluating a software-based invention, the Federal Circuit has conducted the abstract idea inquiry by “ask[ing] whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016). Here, the claims invoke computers merely as a tool to allow a family member to list items for sale. We do not discern, nor do Appellants identify, any specific improvement to the operation of a computing device. Rather, the focus on the claims is on improvement to the process of selling items.

Appellants further argue, “due to their relative novelty,” the claimed concepts cannot be “one long prevalent in commerce.” App. Br. 26. We

disagree. Appellants' argument is, in essence, that because the claims are not unpatentable over the prior art of record, they cannot be directed to concepts "long prevalent in commerce." This argument lacks merit because it presupposes that any claim found to be novel and non-obvious over prior art cannot be an abstract idea in the *Alice/Mayo* framework. We are aware of no case supporting this proposition, nor do Appellants cite to any. Nor would such a rule make sense, as it would limit the application of 35 U.S.C. § 101 to only those claims found to be otherwise unpatentable under other sections of the Patent Act (e.g., 35 U.S.C. §§ 102, 103, 112).

Appellants further contend the claims do not seek to tie up a judicial exception and include limitations that "are specific and meaningful," and therefore no concern of preemption is present. App. Br. 27–28. This argument is unpersuasive because lack of preemption does not make the claims any less abstract. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) ("While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility."). Moreover, we are not persuaded the claims as recited do not preempt the field of allowing one person to allow another to sell an item for them.

Because we discern no error in the Examiner's determination that the claims are directed to an abstract idea, we now turn to Appellants' arguments regarding the second step of the *Alice* inquiry.

Appellants argue the claims recites a specially-configured computer which includes an "identification module" and an "interface module" to perform various operations. App. Br. 29–30. We disagree. The two recited modules relied upon by Appellants are not described as specific computer

hardware, but instead are merely software components that provide functionality in a conventional manner. For example, the recited “identification module” performs conventional functions of accessing data and modifying data based on defined permissions. The recited “interface module” merely outputs data on a display in accordance with the data operations performed by the “identification module.” These are conventional computer data processing activities insufficient to transform the claim into “something more” than the abstract idea of itself. *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341 (Fed. Cir. 2017).

Appellants further argue the claims solve a technological problem because they “provid[e] to another member of the family, based on the permissions, an interface that includes an option to list the item for sale.” App. Br. 30–31. We disagree. In *DDR Holdings*, the nature of the problem was the technical challenge of preventing customers from being taken away from a host website to a third-party merchant’s website when the customer clicked on advertisements related to those third-party merchants. In contrast, Appellants’ invention, at its core, solves a business problem—multiple people sharing a sales platform. Although implemented in the context of an online marketplace, the abstract idea to which the claims are directed has a close offline analog—namely, the common and long-standing practice of selling items on consignment, or selling items for family members. As noted by the Examiner, there is little distinction between Appellants’ idea and the practice of dropping items at the home of a family member for selling at a garage sale. Ans. 9. Thus, the fact that Appellants’ invention is implemented in the context of an online marketplace does not

mean that it solves a problem unique to the Internet as required under *DDR Holdings*.

Appellants also contend the functions recited in the claims are not purely conventional because the Examiner has ignored that the claims provide a “unique combination of operations,” citing the step of “providing to another member of the family, based on the permissions, an interface that includes an option to list the item for sale,” as an example of such a unique operation. App. Br. 32–34. As we discussed above, however, the operations performed in Appellants’ claims are conventional data processing operations in which data is manipulated and displayed in a conventional manner. This is insufficient to amount to significantly more than the abstract idea itself. *Intellectual Ventures I LLC*, 850 F.3d at 1341. Indeed, a family member may or may not agree to sell items at the garage sale for another family member.

Appellants also argue the claims improve the functioning of the computer itself by implementing permissions which “constitute an improvement to the technical field of machines that generate and manage inventories.” App. Br. 34–35. This argument is not persuasive. Appellants make no claim to have invented the use of permissions, nor does the Specification provide any details for how these permissions are implemented or defined. Instead, the Specification merely describes what the permissions do, but not how they do it. Without any details of how the permissions actually operate, we are not persuaded the permissions amount to an improvement to the functioning of the computer sufficient to transform the abstract idea into something more.

In sum, we are not persuaded the Examiner has erred in determining the claims are directed to an abstract idea under *Alice* step 1. Nor are we persuaded the Examiner has erred in determining the claims do not amount to something more under *Alice* step 2. Accordingly, we sustain the rejection of the claims under 35 U.S.C. § 101.

Second Issue

The Examiner concludes the claims are indefinite in two respects. First, the Examiner concludes the limitation “access[ing] a determination,” as recited in claim 1, is indefinite because “[t]he term ‘determination[.]’ represents a decision and a processor cannot interact with abstract subject like a decision of determination.” Final Act. 13. Second, the Examiner concludes the limitations “inventory having permissions to allow another member of the family to list the item for sale” and “an interface to provide an option to list the item for sale by another member of the family, based on the permissions” are indefinite because the “permissions” constitute non-functional descriptive matter. The Examiner determines the recited “permissions” “describes merely an attribute describing the type of inventory but does not recite or require performing any active steps limiting the claim to a particular structure.” Final Act. 13. As such, the Examiner concludes the “permissions” limitations constitute non-functional descriptive material and their meaning is unclear. Final Act. 6.

Appellants contend “accessing a determination” is not indefinite because “[p]rocessors routinely interact with determinations and decisions.” App. Br. 10. More specifically, Appellants argue a person of ordinary skill in the art would understand the “various ways in which determinations may

be accessed by processors.” App. Br. 10. According to Appellants, “processors access data, and one of ordinary skill in the art would understand that a claim to a processor accessing a determination is a claim to the processor accessing data representing the determination.” Reply Br. 2. Appellants also dispute the Examiner’s conclusion regarding the “permissions” limitations, arguing the Examiner improperly conflates ambiguity with claim scope. App. Br. 11. More specifically, Appellants argue the rejection does not identify any ambiguity in the limitation, but instead asserts the rejection appears to object to the breadth of the claim. *Id.* According to Appellants, “an indefiniteness rejection is not the proper response to concerns about claim breadth.” *Id.* Appellants additionally contend the Examiner errs in concluding the claims are indefinite because the recited “permissions” are non-functional descriptive material, because the “permissions” impact the functionality of the processor. Reply Br. 4.

“A claim is indefinite when it contains words or phrases whose meaning is unclear.” *Ex Parte McAward*, 2017 Pat. App. LEXIS 8537 (P.T.A.B. Aug. 25, 2017) (precedential) (citing *In re Packard*, 751 F.3d 1310, 1314 (Fed. Cir. 2014)). The Examiner concludes the phrase “access a determination” is indefinite because the abstract concept of a “determination” cannot be physically interacted with by a processor. We agree with the Examiner that the claim is unclear. Appellants argue “accessing a determination” means “accessing data representing the determination.” But those are not the words Appellants have chosen in this instance. We must interpret the claim *as written* in determining whether its meaning is clear. *Chef Am., Inc. v. Lamb-Weston, Inc.*, 358 F.3d 1371, 1374 (Fed. Cir. 2004) (“we must construe the claims based on the patentee’s

version of the claim as he himself drafted it”) (*quoting Process Control Corp. v. Hydrexclaim Corp.*, 190 F.3d 1350, 1357 (Fed. Cir. 1999)). The word “determination” is defined as “the process of establishing something exactly, typically by calculation or research.” *New Oxford American Dictionary*, 3d. Edition, p. 474 (2010). Applying this definition of “determination,” we agree with the Examiner that it is unclear how a processor would “access” a “process of establishing something” As such, we conclude the Examiner’s has not erred in rejecting the phrase “accessing a determination” is indefinite, and we sustain the rejection in this respect.

We do not agree with the Examiner’s conclusion that the “permissions” limitations are indefinite because they merely describe an attribute of the inventory are constitute non-functional descriptive matter. We agree with Appellants that the recited “permissions” are functional in nature, and would have been understood by an ordinarily skilled artisan as impacting the ability of the processor to access and share the data to which the permissions pertain. Appellants’ claims recite “inventory having permissions to allow another member of the family to list the item for sale” and “generate, based on the permissions, an interface that provides an option to list the item for sale by another member of the family.” A person of ordinary skill in the art would have understood the recited “permissions” as security settings which determine whether a user, namely, a member of the family, is permitted to list inventory items for sale. Similarly, the recited “permissions” in the limitation “an interface to provide an option to list the item for sale by another member of the family, based on the permissions” functionally determine whether the item can be listed for sale via the

interface. As such, we do not agree with the Examiner that the meaning of the “permissions” in Appellants’ claims is unclear, and we do not sustain the rejections under 35 U.S.C. § 112, second paragraph.

Third Issue

In rejecting the independent claims, the Examiner relies primarily on Adstedt, finding that Adstedt teaches most of the recited limitations, and specifically, the disputed limitations. Final Act. 15–16. In applying the teachings of Adstedt, the Examiner declines to give patentable weight to several claim limitations. Final Act. 15–16. Among these, are the following limitations from claim 1 shown in italics:

an inventory corresponding to a consumer of goods from the online marketplace, the inventory comprising a list of items, *the consumer being a member of a family, the inventory being a family inventory of the family,*

...

add the item to the inventory based on the determination, *the inventory having permissions to allow another member of the family to list the item for sale; and*

...

generate, *based on the permissions, an interface that provides an option to list the item for sale by another member of the family.*

Id. The Examiner concludes these limitations are obvious because:

[The limitations] neither represent active steps being performed nor are associated functionally with a structural component of the claimed system but instead merely present the attributes of the type of inventory and the consumer and conditions not representing any functional steps, with the result, these limitations cannot be given any patentable weight.

Final Act. 16; *see also* Final Act. 7 (interpreting generating step as “merely providing an interface for the intended use of facilitating a human operator to list items for sale from an inventory”).

Appellants contend, *inter alia*, the Examiner has erred in not according patentable weight to these limitations. App. Br. 14–16. More specifically, Appellants argue the “permissions” limitations are functional in nature, and as such, the Examiner must give these limitations patentable weight. App. Br. 15–16. Appellants further argue neither reference teaches or otherwise suggests “generat[ing], based on the permissions, an interface that provides an option to list the item for sale by another member of the family”, because Adstedt merely teaches a single-user inventory management environment, and Pugliese discloses only a family wish list for desired product purchases. App. Br. 16. According to Appellants, combining these teachings does not render the limitation obvious because neither reference teaches the generating any interface based on permissions, nor does either reference teach or suggest the use of permissions which allow family members to list items for sale. App. Br. 16–17. We agree with Appellants that the Examiner has erred.

As we explained above, we agree with Appellants that the recited “permissions” are functional in nature, as the recited permissions are used in generating an interface that provides an option to list the item for sale by another member of the family. The Examiner’s conclusion of obviousness is premised on the determination that the limitation “based on permissions” is not entitled to patentable weight. Ans. 5 (“While examining the claim on merit for prior art rejection, Examiner has not accorded patentable weight to the limitation ‘based on permissions’.”) Because this determination is in error, we do not sustain the rejection of independent claims 1, 15, and 20 under 35 U.S.C. § 103(a). For the same reasons, we do not sustain the

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rejections of dependent claims 2, 4, 5, 8–11, 13, 17, 21 and 22, which depend variously therefrom.

DECISION

We affirm the rejection of claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

We affirm the rejection of claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22 under 35 U.S.C. § 112, second paragraph as being indefinite.

We reverse the rejections of claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22 under 35 U.S.C. § 103(a).

Because we have affirmed at least one ground of rejection for each claim on appeal, we affirm the Examiner's decision to reject claims 1, 2, 4, 5, 8–11, 13, 15, 17, and 20–22. . 37 C.F.R. § 41.50(a)(1).

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