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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte MEHMET KIVANC OZONAT

Appeal 2016-002852¹
Application 13/756,268
Technology Center 3600

Before JOSEPH A. FISCHETTI, MICHAEL C. ASTORINO, and
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

FINAMORE, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Pursuant to 35 U.S.C. § 134(a), Appellant appeals from the Examiner's decision to reject claims 1–18. We have jurisdiction under § 6(b).

We AFFIRM.

¹ Our Decision references Appellant's Specification ("Spec.," filed Jan. 31, 2013), Appeal Brief ("Appeal Br.," filed Aug. 11, 2015), and Reply Brief ("Reply Br.," filed Jan. 19, 2016), as well as the Examiner's Final Office Action ("Final Act.," mailed Mar. 12, 2015) and Answer ("Ans.," mailed Nov. 19, 2015).

SUBJECT MATTER ON APPEAL

The invention relates to “an automated, online negotiation agent that can negotiate with consumers on behalf of businesses and can make multiple offers at every round of negotiation.” Spec. ¶ 11. Claims 1, 10, and 13 are the independent claims on appeal. Independent claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A non-transitory computer-readable medium storing a set of instructions to determine a counteroffer, the set of instructions executable by a processing resource to:
 - determine, by an automated agent, a plurality of counteroffers to an offer received by a user;
 - separate, by the automated agent, the plurality of counteroffers into a number of clusters based on content of each of the plurality of counteroffers and a determined distance between each of the plurality of counteroffers;
 - select, by the automated agent, an individual counteroffer from each of the number of clusters based on the offer, characteristics of the user, and the determined distances; and
 - cause the automated agent to present each of the individual counteroffers to allow negotiation of at least one issue of an associated electronic commerce transaction.

REJECTIONS

The Examiner rejects the claims on appeal as follows:

claims 1–18 under 35 U.S.C. § 101 as non-statutory subject matter;

and

claims 1–18 under 35 U.S.C. § 102(b) as anticipated by Karp

(US 2004/0243495 A1, pub. Dec. 2, 2004).

ANALYSIS

Non-Statutory Subject Matter

Appellant argues claims 1–18 as a group. Appeal Br. 22–25; Reply Br. 8–9. We select independent claim 1 as representative. The remaining claims of the group stand or fall with independent claim 1. 37 C.F.R. § 41.37(c)(1)(iv).

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116 (2013)). To “distinguish[] patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts,” the Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289 (2012), which, in the first step, considers whether a claim is directed to a patent-ineligible concept, e.g., an abstract idea, and, if so, considers, in the second step, whether the elements the claim, individually and as an ordered combination, recite an inventive concept—an element or combination of elements sufficient to ensure the claim amounts to significantly more than the abstract idea and transform the nature of the claim into a patent-eligible application. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1294, 1296–98).

Here, in rejecting independent claim 1 under 35 U.S.C. § 101 as non-statutory subject matter, i.e., subject matter judicially excepted from statutory subject matter, the Examiner analyzes the claim using this two-step analysis. Final Act. 2–5. More specifically, pursuant to the first step, the Examiner determines the claim is directed to the abstract idea of “negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation,” which is a fundamental economic practice, and, therefore, an abstract idea. *Id.* at 3. Under the second step, the Examiner determines that the elements of the claim, considered individually and as an ordered combination, do not amount to significantly more than the abstract idea. *Id.* at 3–5. In particular, the Examiner determines that using a computer to determine a plurality of counteroffers, separate the counteroffers into clusters, select a counteroffer, and present the counteroffer amounts to simple electronic record keeping, which is a basic function of a computer that is well-understood, routine, and conventional. *Id.* at 4. The Examiner also determines that the claim does no more than implement the abstract idea on a generic computer. *Id.* The Examiner further determines that the claim does not purport to improve the functioning of the computer or to improve any other technology or technical field. *Id.*

Appellant argues that, in determining what the claim is directed to, the Examiner overly summarizes and mischaracterizes independent claim 1. Appeal Br. 23–24; Reply Br. 8. In particular, Appellant points out that independent claim 1 recites the steps of separating the counteroffers into a number of clusters based on the content of each counteroffer and a determined distance between each of the counteroffers, and selecting an individual counteroffer from each of the clusters based on the offer,

characteristics of the user, and the determined distances. Appellant's argument does not apprise us of error.

As set forth above, the Examiner determines that independent claim 1 is directed to "negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation." Final Act. 3. We agree with the Examiner that this characterization represents the character of the claim as a whole. *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015) ("Under step one of *Mayo/Alice*, the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.").

Independent claim 1 recites the steps of: determining a plurality of counteroffers to an offer; separating the counteroffers into a number of clusters based on the content of each counteroffer and a determined distance between each of the counteroffers; selecting an individual counteroffer from each of the clusters based on the offer, characteristics of the user, and the determined distances; and presenting each individual counteroffer to allow negotiation of at least one issue of an associated transaction. Independent claim 1 thus recites that the particular steps for selecting counteroffers to present to a user enable negotiation.

Negotiating with consumers on behalf of businesses by separating the counteroffers into a number of clusters and selecting an individual counteroffer from each cluster further describes the abstract idea of "negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation." In other words, negotiating by separating the counteroffers into a number of clusters and selecting an individual counteroffer from each cluster is still negotiating. The specific

steps of separating counteroffers into clusters and selecting an individual counteroffer from each cluster do not separate the claimed invention from the abstract idea of “negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation.” Rather, these steps simply suggest that the Examiner’s characterization is at a high level of abstraction, which is not persuasive of error. *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240–41 (Fed. Cir. 2016) (“An abstract idea can generally be described at different levels of abstraction.”).

Appellant also contends that the Examiner has failed to present evidence or reasoning to explain that independent claim 1, which recites separating the counteroffers into a number of clusters and selecting an individual counteroffer from each of the clusters, is directed to a longstanding economic practice. Appeal Br. 24; Reply Br. 9. Appellant’s argument is not persuasive of error.

As set forth above, the claimed steps of separating the counteroffers into a number of clusters and selecting an individual counteroffer from each cluster do not separate the claimed invention from the abstract idea of “negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation.” Moreover, this concept is similar to other concepts that the courts have held to be abstract ideas. *See Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“[T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”). For example, we see no meaningful distinction between the concept of “negotiation with consumers on behalf of businesses by making multiple offers at every round

of negotiation” and the abstract ideas of “intermediated settlement” in *Alice*, 134 S. Ct. at 2356–57 and “offer-based price optimization” in *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015). Like the abstract ideas of facilitating settlement and price optimization, negotiating is a longstanding commercial practice. As such, we see no error in the Examiner’s determination that “negotiation with consumers on behalf of businesses by making multiple offers at every round of negotiation” is a fundamental economic practice and, therefore, an abstract idea.

Seeing no error in the Examiner’s determination that independent claim 1 is directed to an abstract idea pursuant to the first step of the patent-eligibility analysis, we turn to Appellant’s arguments under the second step. Appellant argues that the Examiner erred in determining that the claimed invention recites a generic computer performing generic computer functions. Appeal Br. 24–25; Reply Br. 8. According to Appellant, the Examiner has not shown that the claimed steps of separating the counteroffers into a number of clusters based on content and distance, selecting an individual counteroffer from each of the clusters, and causing an automated agent to present each of the individual counteroffers to allow negotiation are well-understood, routine, and conventional functions. Reply Br. 8. Appellant’s argument is not persuasive of error.

As set forth above, the second step of the patent-eligibility analysis determines whether a claim recites an inventive concept, namely an element or combination of elements sufficient to ensure the claim amounts to significantly more than the abstract idea and transforms the nature of the claim into a patent-eligible application. *Alice*, 134 S. Ct. at 2355. Limitations that further describe the abstract idea do not transform the nature

of a claim into a patent-eligible application. Consequently, the inquiry under the second step is not whether a function performed on a computer is unconventional, but rather, whether the implementation of the abstract idea involves “more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014) (alteration in original) (quoting *Alice*, 134 S. Ct. at 2359).

Here, Appellant does not explain, and we fail to see, how the implementation of the separating, selecting, and presenting steps requires something apart from generic computing components performing well-understood, routine and conventional computer functions such as processing and displaying data. Moreover, there is no indication that the implementation results in an improvement to the functioning of the computer itself or to some other technology or technical field. Consequently, even if we were to agree with Appellant that the steps of separating, selecting, and presenting counteroffers distinguish the claimed invention from the prior art, the computer implementation of these steps does not transform the abstract idea into a patent-eligible application.

In view of the foregoing, Appellant does not apprise us of error in the Examiner’s determination that the claims are judicially excepted from statutory subject matter. We, therefore, sustain the rejection of claims 1–18 under 35 U.S.C. § 101.

Anticipation

Appellant argues that Karp does not disclose selecting or presenting multiple counteroffers. Appeal Br. 11–14; Reply Br. 1–2. More specifically, Appellant argues that Karp does not disclose the limitation of independent claim 1 reciting “select, by the automated agent, an individual counteroffer from each of the number of clusters.” Appeal Br. 11–13. Appellant’s argument is convincing.

In rejecting independent claim 1, the Examiner relies on Karp’s child nodes for disclosing a plurality of counteroffers, and the Examiner finds that Karp’s Figure 2 shows the counteroffers separated into clusters. Final Act. 6–7. With respect to the disputed limitation, the Examiner finds Karp teaches that any counteroffer can be selected by following the selections needed to get to the counteroffer. Final Act. 7 (citing Karp ¶¶ 24–25); Ans. 2–3. As an example, the Examiner refers to Karp’s Figure 2 and explains that to get to node 1, a selection of wingtips is made, and to get to node 4, a selection of wingtips and the color brown is made. Final Act. 7; Ans. 3. Even if we were to agree with the Examiner that Karp discloses counteroffers separated into clusters, Karp does not teach selecting an individual counteroffer from each cluster, as claimed.

Karp discloses a method for automated negotiation, whereby the method involves constructing a game tree based on an offer received from an opponent, evaluating the game tree, and selecting a counteroffer based on the evaluation of the game tree. Karp ¶ 8, Fig. 1. Figure 2 shows a game tree constructed to determine the possible counteroffers for a negotiation for a pair of shoes in which two attributes are being negotiated, namely the type, i.e., wingtips (W) or loafers (L), and color, i.e., black (Bl) or brown (Br).

Karp ¶ 24, Fig. 2. Root node 0 represents the current state of the negotiation, and each child node represents a possible counteroffer. *Id.* As shown in Figure 2, the branches connecting root node 0 to the child nodes indicate what attribute(s) would need to be selected to move a particular child node. *Id.*

Once construction of the game tree is completed and all the possible counteroffers are determined, the game tree is evaluated. *Id.* ¶ 38. The evaluation process involves determining a payoff value for each child node, and the child node with the highest available payoff is usually selected as the best option. *Id.* ¶ 38, Fig. 4. Karp therefore teaches selecting the counteroffer with the highest payoff value of all of the counteroffers, not selecting an individual counteroffer from a cluster of counteroffers, as recited in the disputed limitation.

In view of the foregoing, there is insufficient support for the Examiner's finding that Karp discloses the limitation of independent claim 1 reciting "select, by the automated agent, an individual counteroffer from each of the number of clusters." Each of independent claims 10 and 13 includes a similar limitation to this limitation of independent claim 1, and the Examiner's rejection of independent claims 10 and 13 is based on the same deficient finding. Final Act. 13–14, 17–18. Accordingly, we do not sustain the Examiner's rejection of claims 1–18 under 35 U.S.C. § 102(b).

DECISION

The Examiner's decision to reject claims 1–18 under 35 U.S.C. § 101 is affirmed.

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The Examiner's decision to reject claims 1–18 under 35 U.S.C. § 102(b) is reversed.

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

AFFIRMED