



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|--|-------------|----------------------|---------------------|------------------|
| 12/222,785 | 08/15/2008 | Stephen D. Straus | IPW-2302-100 | 5923 |
| 23117 | 7590 | 03/27/2018 | EXAMINER | |
| NIXON & VANDERHYE, PC 901 NORTH GLEBE ROAD, 11TH FLOOR ARLINGTON, VA 22203 | | | ALVAREZ, RAQUEL | |
| | | | ART UNIT | PAPER NUMBER |
| | | | 3688 | |
| | | | NOTIFICATION DATE | DELIVERY MODE |
| | | | 03/27/2018 | ELECTRONIC |

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

PTOMAIL@nixonvan.com
pair_nixon@firsttofile.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte STEPHEN D. STRAUS

Appeal 2016-006112
Application 12/222,785¹
Technology Center 3600

Before ROBERT E. NAPPI, ST. JOHN COURTENAY III, and
JAMES W. DEJMEK, *Administrative Patent Judges*.

DEJMEK, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellant appeals under 35 U.S.C. § 134(a) from a Final Rejection of claims 1–10, 23, 25–32, 34–40, and 42. Appellant has canceled claims 11–22, 24, 33, 41, and 43. Amend. 4–8, filed January 20, 2015. We have jurisdiction over the remaining pending claims under 35 U.S.C. § 6(b)

We affirm.

¹ Appellant identifies TouchTunes Music Corporation as the real party in interest. App. Br. 3.

STATEMENT OF THE CASE

Introduction

Appellant's disclosed and claimed invention relates to "implementing a business model for digital signage and interactive gaming services in compliance with federal and state laws and regulations related to alcohol distribution." Spec. ¶ 1. According to the Specification, federal and state laws restrict the amount of interaction between alcohol retailers, distributors and wholesalers, and alcohol manufacturers. Spec. ¶ 2. Specifically regarding alcohol-related promotions (e.g., advertisements), the laws and regulations "make it illegal for revenue sharing to be implemented between the parties [(i.e., alcohol retailer, distributors, wholesalers, and manufacturers)], for promotions to be run at the retailers on behalf of the alcohol providers, etc." Spec. ¶ 4. Thus, Appellant's invention is directed to revenue sharing wherein "revenues from fees collected from alcohol advertisers are not shared with any retailer involved with selling alcoholic beverages." Spec. ¶ 4.

Claim 23 is representative of the subject matter on appeal and is reproduced below with the disputed limitations emphasized in *italics*:

23. A method of providing advertisements to locations, the method comprising:

receiving, from a packet data network and at a data center via a computer system including at least one processor, a first set of electronic advertisement messages, each said advertisement message in the first set of advertisement messages being alcohol-related and being displayable at locations for a first fee;

receiving, from the packet data network and at the data center via the computer system, a second set of electronic advertisement messages, each said advertisement message in the

second set of advertisement messages being unrelated to alcohol and being displayable at locations for a second fee;

sending advertisement messages from the first and second sets of advertisement messages to one or more of the locations, the advertisement messages being integratable in a display window with a streaming video signal,

collecting, on behalf of the data center, first and second fees for advertisement messages in the first and second sets of advertisement messages, respectively;

sharing a portion of the second fees with location(s) at which the associated advertisement messages are displayed; and

preventing any portion of the first fees from being shared with location(s) at which the associated advertisement messages are displayed in order to comply with legal regulations relating to alcoholic beverages.

The Examiner's Rejections²

1. Claims 1–10, 23, 25–32, 34–40, and 42 stand rejected under 35 U.S.C. § 101 as being directed to judicially excepted subject matter. Final Act. 2–7.

2. Claims 1–10, 23, 25–32, 34–40, and 42 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Roberts et al. (US 2008/0155588 A1; June 26, 2008) (“Roberts”) and Yarmolich et al. (US 2009/0168901 A1; July 2, 2009) (“Yarmolich”).³ Final Act. 8–16.

² The Examiner has withdrawn the rejection under 35 U.S.C. § 112, second paragraph of claim 1. *See* Adv. Act. 2, filed July 10, 2015.

³ In rejecting claims 1–10, 23, 25–32, 34–40, and 42 under 35 U.S.C. § 103(a) over the combined teachings and suggestions of Roberts and Yarmolich, we note the Examiner takes Official Notice that “it is old and well known to have regulations in place pertaining to how certain fees may be shared.” Final Act. 10.

ANALYSIS⁴

Rejection under 35 U.S.C. § 101

Appellant disputes the Examiner's conclusion that the pending claims are directed to patent-ineligible subject matter under 35 U.S.C. § 101. App. Br. 9–19; Reply Br. 2–3. In particular, Appellant argues the claims are not related to an intermediate settlement idea or risk hedging idea and, therefore, are not directed to a fundamental economic concept. App. Br. 11.

Additionally, Appellant asserts the claims do not recite mathematical concepts or processes that can be performed in the human mind. App. Br. 11. Rather, Appellant argues, the claims are:

necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of information processing system, e.g., how to integrate an electronic message sent from a remote data center via a packet data network with a streaming video signal in a display window using a display processor.

App. Br. 12.

The Supreme Court's two-step framework guides our analysis. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). If a claim falls within one of the statutory categories of patent eligibility (i.e., a process, machine, manufacture or composition of matter) then the first inquiry is whether the claim is directed to one of the judicially recognized exceptions (i.e., a law of nature, a natural phenomenon, or an abstract idea). *Alice*, 134 S. Ct. at 2355. If so, the second step is to determine whether any

⁴ Throughout this Decision, we have considered the Appeal Brief, filed October 30, 2015 (“App. Br.”); the Reply Brief, filed May 31, 2016 (“Reply Br.”); the Examiner's Answer, mailed April 1, 2016 (“Ans.”); and the Final Office Action, mailed March 31, 2015 (“Final Act.”), from which this Appeal is taken.

element, or combination of elements, amounts to significantly more than the judicial exception. *Alice*, 134 S. Ct. at 2355.

Although the independent claims each broadly fall within the statutory categories of patentability, the Examiner concludes the claims are directed to a judicially recognized exception—i.e., an abstract idea. Final Act. 2–7. In particular, the Examiner concludes the claims are directed to the abstract idea of “presenting advertisements in a retail establishment that is selling alcoholic beverages while complying with legal regulations pertaining to alcoholic beverages.” Final Act. 5. The Examiner concludes the presentation of advertisements to enhance revenues “is a fundamental economic practice and employs mathematical relationships/formulas (algorithms) to achieve this outcome.” Final Act. 5. More simply put, the Examiner concludes the claims are directed to revenue sharing—a fundamental economic concept. Ans. 2.

Instead of using a definition of an abstract idea, “the 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.” *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (citing *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016)); accord United States Patent and Trademark Office, *July 2015 Update: Subject Matter Eligibility 3* (July 30, 2015), <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf> (instructing Examiners that “a claimed concept is not identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea.”). As part of this inquiry, we must “look at the ‘focus of the claimed advance over the prior

art’ to determine if the claim’s ‘character as a whole’ is directed to excluded subject matter.” *Affinity Labs of Tex., LLC v. DirecTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016).

Here, Appellant’s claims generally relate to receiving a first set and a second set of advertising messages at a data center via a network connection. *See, e.g.*, claim 23. Messages from the first and second sets of advertising are sent to one or more locations to be presented along with a streaming video signal. The claims recite fees associated with displaying the various messages are collected. *See, e.g.*, claim 23. Fees associated with advertisement messages unrelated to alcohol are shared with the location displaying the advertisement whereas fees associated with alcohol-related advertisement messages are not shared with the location displaying the advertisement.

In *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014), our reviewing court concluded claims directed to the creation of a contractual relationship were directed to an abstract idea. Additionally, our reviewing court has concluded that abstract ideas include the concepts of “collecting, displaying, and manipulating data.” *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1340 (Fed. Cir. 2017). The collection of data, recognition of certain data within the collected data (i.e., analysis of collection information) are also abstract ideas. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014); *Elec. Power*, 830 F.3d at 1353. Further, a process that employs mathematical algorithms to manipulate existing information to generate additional information is abstract. *Digitech Image Techs., LLC v. Elec. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014).

Further, merely combining several abstract ideas does not render the combination any less abstract. *RecogniCorp, LLC v. Nintendo Co.*, 855 F.3d 1322, 1327 (Fed. Cir. 2017) (“Adding one abstract idea (math) to another abstract idea . . . does not render the claim non-abstract.”); *see also FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1093–94 (Fed. Cir. 2016) (determining the pending claims were directed to a combination of abstract ideas).

In the Specification, Appellant describes embodiments of the invention as relating to “implementing a business model for digital signage and interactive gaming services” while complying with applicable laws and regulations. Spec. ¶ 1. By complying with applicable laws and regulations, Appellant discloses (and claims) a business model wherein fees collected from advertisers are shared with the retailer only if the advertisement messages are not alcohol-related. Spec. ¶ 17. Thus, fees associated with alcohol-related advertisements are not shared with the retailer. Spec. ¶ 17.

We agree with the Examiner that Appellant’s claims are directed to a business model for revenue sharing fees collected from the presentation of advertisement messages. Here, the collection of fees for displaying advertisement messages and the sharing of associated revenue according to applicable laws and regulations is a fundamental economic practice and achieved by performing a series of mathematical relationships and recognizing certain sets of data (i.e., alcohol-related advertisement messages). *See Alice*, 134 S. Ct. at 2356 (citing *Bilski v. Kappos*, 561 U.S. 593, 611 (2010)); *see also Digitech*, 758 F.3d at 1351, *RecogniCorp*, 855 F.3d at 1327; *Content Extraction*, 776 F.3d at 1347, *Elec. Power*, 830 F.3d at 1353. Additionally, the receiving and sending of information over a

network are also abstract steps performed in furtherance of the abstract idea. *See buySAFE*, 765 F.3d at 1355.

Because we determine the claims are directed to an abstract idea, we analyze the claims under step two of *Alice* to determine if there are additional limitations that individually, or as an ordered combination, ensure the claims amount to “significantly more” than the abstract idea. *Alice*, 134 S. Ct. at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1294, 1297–98 (2012)). The implementation of the abstract idea involved must be “more than [the] performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction*, 776 F.3d at 1347–48 (quoting *Alice*, 134 S. Ct. at 2359) (alteration in original).

Despite characterizing the claimed invention as using computer technology to overcome a problem specific to computer networks and addressing a business challenge particular to the Internet, Appellant does not present sufficient persuasive evidence or argument that the claims are directed to an improvement specific to a computer network or the Internet *itself* (e.g., improving the network’s operation or configuration, or retaining website visitors). *See* App. Br. 12–16; *see also* Final Act. 6. Nor does Appellant provide sufficient persuasive evidence or argument that the claims improve the functioning of the basic display function of the information processing system. App. Br. 16; *see also Two-Way Media Ltd. v. Comcast Cable Commc’ns, LLC*, 874 F.3d 1329, 1338–39 (Fed. Cir. 2017). Rather, the focus of the claims is on a business model (i.e., revenue sharing) for the presentation of advertisement messages using generic computers and

networks as tools, not on improvements in the computer (e.g., display functions). *See Alice*, 134 S. Ct. at 2359.

Additionally, we disagree with Appellant (*see* App. Br. 15) that the particular steps of collecting, sharing, and preventing sharing of fees amount to significantly more than the abstract idea itself. Rather, the collection and sharing (or prevention of sharing) of fees are simply steps to implement the abstract idea of revenue sharing.

Appellant asserts that the claims add a specific limitation that was not well-understood, routine, or conventional. *See* App. Br. 17–18. Appellant concedes that receiving and transmitting data over a network are generic computer functions. App. Br. 17. However, Appellant contends causing an advertisement message to be integrated in a display window with a streaming video signal is not a generic function. App. Br. 18. We disagree. As described in the Specification, the displays are not related to any particular computer or apparatus. Spec. ¶ 34. “Various general purpose systems may be used.” Spec. ¶ 34. Additionally, the Specification describes that the advertisement messages “may be displayed on any acceptable display device.” Spec. ¶ 37. Accordingly, the claims do not recite more than generic components performing well-understood, routine, and conventional functions to implement the abstract idea of revenue sharing fees collected from the presentation of advertisement messages.

Appellant also argues the claims “do not attempt to preempt every application of the idea of ‘presenting advertisement in a retail establishment that is selling alcoholic beverages while complying with legal regulations pertaining to alcoholic beverages.’” App. Br. 16.

“While preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *FairWarning IP*, 839 F.3d at 1098 (quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015); see also *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (“[T]hat the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”). Further, “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, as they are in this case, preemption concerns are fully addressed and made moot.” *Ariosa*, 788 F.3d at 1379.

For the reasons discussed *supra*, we are not persuaded of Examiner error. Accordingly, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 23. For similar reasons, we also sustain the Examiner’s rejection of independent claims 1 and 32, which were argued together with claim 23 and which recite similar limitations. See App. Br. 9–19. Additionally, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of claims 2–10, 25–31, 34–40, and 42, which depend directly or indirectly therefrom and were not argued separately. See App. Br. 9–19; 37 C.F.R. § 41.37(c)(1)(iv)(2015).

Rejection under 35 U.S.C. § 103(a)

Appellant argues the Examiner erred in rejecting the pending claims over the combined teachings of Roberts and Yarmolich. App. Br. 20–21; Reply Br. 6–7. In particular, Appellant asserts Roberts *teaches away* from preventing any portion of fees associated with alcohol-related advertisement

messages from being shared with the retailer. App. Br. 20–21 (citing Roberts ¶ 20); Reply Br. 6–7 (citing Roberts ¶ 20).

Robert describes:

In some embodiments, for example, a distributor may be awarded a share of the advertising revenues. In addition, a potential to share revenue may attract content producers and quality media content to the distributor, thereby enhancing the library of media content hosted by the distributor. A library of differentiating content can increase the appeal of services provided by the distributor.

Roberts ¶ 20. Thus, Appellant argues Roberts teaches revenue sharing attracts more content producers and quality media content and, therefore, increase the appeal of services provided by a distributor. Reply Br. 7. Axiomatically, Appellant posits if revenue is prevented from being shared, the appeal of services would decrease. Reply Br. 7.

“A reference may be said to teach away when a person of ordinary skill, upon reading the reference, would be discouraged from following the path set out in the reference, or would be led in a direction divergent from the path that was taken by the applicant.” *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325, 1332 (Fed. Cir. 2008) (citations omitted). [T]he ‘mere disclosure of more than one alternative’ does not amount to teaching away from one of the alternatives where the reference does not ‘criticize, discredit, or otherwise discourage the solution claimed.’” *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1320 (Fed. Cir. 2015) (quoting *In re Fulton*, 391 F.3d 1195, 1201 (Fed. Cir. 2004)).

We are not persuaded by Appellant’s arguments that Roberts teaches away from preventing revenue sharing—particularly if such revenue sharing is not consistent with prevailing laws and regulations. Rather, Roberts states

that “[i]n some embodiments, for example, a distributor may be awarded a share of the advertising revenues.” Roberts ¶ 20. Thus, Roberts contemplates that in other embodiments, advertising revenues would not be shared with a distributor. Additionally, Roberts does not criticize, discredit, or otherwise discourage the prevention of revenue sharing—particularly if such revenue sharing is prohibited. Thus, we find Roberts does not teach away from preventing revenue sharing of certain fees (i.e., fees collected from displaying alcohol-related advertisement messages).

In rejecting, *inter alia*, the independent claims, the Examiner relies on the combined teachings and suggestions of Roberts and Yarmolich and further takes Official Notice “that it is old and well known to have regulations in place pertaining to how certain fees may be shared.” Final Act. 10. In support of the Official Notice, the Examiner identifies Rule 5.4 of the Model Rules of Professional Conduct (generally proscribing the sharing of certain fees).

Appellant disputes the Examiner’s taking of Official Notice. App. Br. 21–28; Reply Br. 3–6. In particular, Appellant argues the Model Rules of Professional Conduct is non-analogous art to Appellant’s claimed invention and “does not teach or suggest how to comply with legal regulations pertaining to sharing revenue from alcoholic beverage related advertisements.” App. Br. 22–24; Reply Br. 3–4. Additionally, Appellant argues the Examiner’s use of Official Notice was improper at least because the “officially noticed ‘fact’ in this case is not capable of ‘of [sic] instant and unquestionable demonstration as being well-known’ in the pertinent art.” App. Br. 26–28.

We have considered all of Appellant's arguments and are not persuaded of Examiner error. As an initial matter, we note Appellant's Specification sets forth that it was well known that regulations at the federal and state level are in place regarding revenue sharing of fees collected from alcoholic beverage related advertisements. *See* Spec. ¶¶ 1–4. Further, the Examiner identified documentary evidence (i.e., Rule 5.4 of the Model Rules of Professional Conduct) to support the Officially Noticed fact of having regulations in place regarding fee sharing. Thus, to the extent Appellant has created a reasonable doubt as to the circumstances justifying the Examiner's notice of what was well known, the Examiner has identified documentary evidence. *See In re Boon*, 439 F.2d 724, 728 (CCPA 1971); Manual of Patent Examining Procedure (“MPEP”) § 2144.03(C) (9th ed. Rev. 08.2017, Jan. 2018).

Additionally, to the extent Appellant's arguments are not misplaced of whether the Model Rules of Professional Conduct is non-analogous art, we are not apprised of Examiner error.

A reference is analogous art to the claimed invention if: (1) the reference is from the same field of endeavor as the claimed invention (even if it addresses a different problem); or (2) the reference is reasonably pertinent to the problem faced by the inventor (even if it is not in the same field of endeavor as the claimed invention). *In re Bigio*, 381 F.3d 1320, 1325 (Fed. Cir. 2004). In order for a reference to be “reasonably pertinent” to the problem, it must “logically would have commended itself to an inventor's attention in considering his problem.” *In re Icon Health and Fitness, Inc.*, 496 F.3d 1374, 1379–80 (Fed. Cir. 2007) (quoting *In re Clay*, 966 F.2d 656, 659 (Fed. Cir. 1992).

Here, we agree with the Examiner (*see* Ans. 4) that Rule 5.4 of the Model Rules of Professional Conduct (i.e., proscribing the sharing of certain fees with specific individuals) is reasonably pertinent to the problem being addressed by Appellant’s claimed invention (i.e., complying with legal regulations proscribing the sharing of revenues with specific individuals (i.e. the retailers)). Further, Appellant does not persuasively rebut the Examiner’s determination that the combined teachings and suggestions of Roberts and Yarmolich—taken with the general teaching of determining which fees can be shared and those which are prohibited from being shared (i.e., Rule 5.4 of the Model Rules of Professional Conduct)—teach Appellant’s claimed limitations related to revenue sharing of alcohol-related advertisements in compliance with legal regulations. Ans. 4; *see also Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009) (holding the obviousness inquiry “may include recourse to logic, judgment, and common sense available to the person of ordinary skill that do not necessarily require explication in any reference or expert opinion”).

For the reasons discussed *supra*, we are unpersuaded of Examiner error. Accordingly, we sustain the Examiner’s rejection under 35 U.S.C. § 103(a) of independent claims 1, 23, and 32. Additionally, we also sustain the Examiner’s rejection of claims 2–10, 25–31, 34–40, and 42, which depend directly or indirectly therefrom and were not argued separately. *See* App. Br. 20–28; 37 C.F.R. § 41.37(c)(1)(iv).

DECISION

We affirm the Examiner's decision rejecting claims 1–10, 23, 25–32, 34–40, and 42 under 35 U.S.C. § 101.

We affirm the Examiner's decision rejecting claims 1–10, 23, 25–32, 34–40, and 42 under 35 U.S.C. § 103(a).

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv). *See* 37 C.F.R. § 41.50(f).

AFFIRMED