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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte CLINT H. O'CONNOR, GARY D. HUBER, and MICHAEL HAZE

Appeal 2016-006478
Application 14/105,372
Technology Center 3600

Before THU A. DANG, LINZY T. McCARTNEY, and SCOTT E. BAIN, *Administrative Patent Judges*.

McCARTNEY, *Administrative Patent Judge*.

DECISION ON APPEAL

Appellants appeal under 35 U.S.C. § 134(a) from a rejection of claims 1, 3–9, 11–17, and 19–26. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

STATEMENT OF THE CASE

The present patent application concerns "separating the purchase of digital assets from their fulfillment and activation." Specification ¶ 1, filed December 13, 2013 ("Spec."). Claim 1 illustrates the claimed subject matter:

> 1. A system for managing the entitlement of digital assets, comprising:
>
> a storage medium comprising a repository of system identifier data, digital assets data, and digital assets entitlement data; and
>
> a processor, the processor being operable to:
>
> receive purchase transaction data comprising digital assets identifier data and digital assets activation key data associated with a purchase of digital assets;
>
> receive system identifier data associated with a target system;
>
> process the purchase transaction data and the system identifier data to generate digital assets activation request data, wherein the digital assets activation request data is provided to the provider of the digital assets;
>
> receive digital assets data and digital assets activation data from the provider of the digital assets; and
>
> process the purchase transaction data and the digital assets activation data to generate digital assets entitlement data; and wherein
>
> the digital assets entitlement data is associated with the target system identified by the system identifier data and with digital assets identified by the digital assets identifier data.

Appeal Brief 6, filed November 16, 2015 ("Br.").

REJECTION

Claims 1, 3–9, 11–17, and 19–26 stand rejected under 35 U.S.C. § 101 as directed to nonstatutory subject matter. Final Office Action 3–5, mailed June 12, 2015 ("Final Act.").

ANALYSIS

Appellants do not present separate arguments for claims 1, 3–9, 11–17, and 19–26. *See* Br. 3–5. We select claim 1 as representative of these claims and decide the appeal based on claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv) ("When multiple claims subject to the same ground of rejection are argued as a group . . ., the Board may select a single claim from the group . . . and may decide the appeal as to the ground of rejection with respect to the group . . . on the basis of the selected claim alone.").

Appellants argue claim 1 is not directed to an abstract idea because "the claims of the present application are unlike that of any of the examples provided by the [Supreme] Court." Br. 4. Moreover, Appellants contend claim 1 recites limitations "sufficient to 'transform' the claims into a patent-eligible application as the elements provide meaningful improvements over the technical field of managing the entitlement of digital assets." Br. 4. Finally, Appellants assert claim 1 is akin to the claims the Federal Circuit concluded were patent eligible in *DDR Holdings LLC v. Hotels.com L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). Br. 4–5.

Section 101 of the Patent Act provides "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. The Supreme Court has long held that this

provision contains an implicit exception: "[l]aws of nature, natural phenomena, and abstract ideas are not patentable." *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 (2013)). The Court has set forth a two-part inquiry to determine whether this exception applies. First, we must "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Alice*, 134 S. Ct. at 2355. Second, if the claim is directed to one of those patent-ineligible concepts, 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." *Alice*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1297 (2012)). Put differently, we must search the claims for an "inventive concept," that is, "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*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1294).

We first consider whether the Examiner properly concluded that claim 1 is directed to an abstract idea. The Examiner concluded claim 1 is "directed to handling software activation which is considered to be an abstract idea inasmuch as such activity is considered both a fundamental economic practice and a method of organizing human activity." Final Act. 4.

Appellants have not persuaded us the Examiner erred. To determine whether claim 1 is directed to an abstract idea, we consider claim 1 "in [its] entirety to ascertain whether [its] character as a whole is directed to

excluded subject matter." *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015). *See also Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) ("[W]e have described the first-stage inquiry as looking at the 'focus' of the claims, their '"character as a whole."'). Claim 1 recites "[a] system for managing the entitlement of digital assets" that includes "a storage medium" and "a processor." Br. 6. The claimed processor is "operable to" (1) receive purchase transaction and system identifier data, (2) generate digital assets activation request data by processing the purchase transaction and system identifier data, (3) receive digital assets and digital assets activation data, and (4) generate digital assets entitlement data by processing the purchase transaction and digital assets activation data. Br. 6. That is, the claimed system receives data and uses unspecified processes to generate additional data from the received data.

The Federal Circuit has concluded similar claims are directed to an abstract idea. For example, in *Clarilogic, Inc. v. FormFree Holdings Corp.*, the court concluded claims reciting "collecting financial data, transforming the data into a desired format, validating the data by 'applying an algorithm engine,' analyzing certain exceptions, and generating a report" were directed to an abstract idea. *Clarilogic, Inc. v. FormFree Holdings Corp.*, No. 2016-1781, 2017 WL 992528, at *2 (Fed. Cir. Mar. 15, 2017) (nonprecedential). The court explained that claims "for collection, analysis, and generation of information reports, where the claims are not limited to how the collected information is analyzed or reformed, is the height of abstraction." *Clarilogic*, 2017 WL 992528, at *2. Similarly, in *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, the court concluded that

claims reciting receiving output, recognizing data within the received output, and storing the recognized data were directed to an abstract idea. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat. Ass'n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014). The court noted "[t]he concept of data collection, recognition, and storage is undisputedly well-known." *Content Extraction*, 776 F.3d at 1347. And in *Electric Power Group, LLC v. Alstom S.A.*, the court concluded claims focused on "collecting information, analyzing it, and displaying certain results of the collection and analysis" were directed to an abstract idea. *Elec. Power Grp.*, 830 F.3d at 1353. The court reasoned "the focus of the claims is not on . . . an improvement in computers as tools, but on certain independently abstract ideas that use computers as tools." *Elec. Power Grp.*, 830 F.3d at 1354.

We see no meaningful difference between claim 1 and the claims at issue in *Clarlogic*, *Context Extraction*, and *Electric Power Group*. Claim 1 does not improve the recited "storage medium" and "processor"; claim 1 merely uses these components to perform functions specified at a high level of generality. The recited functions either are well-known (the "receive" limitations) or essentially describe a result without meaningfully limiting how the claimed system achieves the result (the "process" limitations). Claim 1 does not "focus on a specific means or method that improves the relevant technology" but instead is "directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1315 (Fed. Cir. 2016). We therefore agree with the Examiner that claim 1 is directed to an abstract idea. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016) (explaining that courts "have found it sufficient to compare

[the] claim[] at issue to those claims already found to be directed to an abstract idea in previous cases."); *see also Amdocs (Israel) Limited v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (explaining that the "decisional mechanism courts now apply" for deciding if claims are directed to an abstract idea "is to examine earlier cases in which a similar or parallel descriptive nature can be seen").

Because we agree with the Examiner that claim 1 is directed to an abstract idea, we next consider whether claim 1 includes an "inventive concept." The Examiner found "[t]he computing device and apparatuses" recited in claim 1 "are generic computers with functionalities [that] are well-understood, routine and conventional activities previously known to the industry." Final Act. 5. The Examiner explained the elements recited in claim 1 "when taken alone, each execute in a manner routinely and conventionally expected of these elements" and "when taken in combination . . . do not offer substantially more than the sum of the functions of the elements when each is taken alone." Final Act. 5. Based on these findings, among others, the Examiner concluded claim 1 does not include an "inventive concept." *See* Final Act. 4–5.

Appellants have not persuaded us the Examiner erred. We see nothing in the elements of claim 1, considered "both individually and 'as an ordered combination'" that 'transform[s] the nature of the claim[s]' into a patent-eligible application." *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1289, 1297). Appellants' conclusory assertions that claim 1 "provide[s] a substantial improvement over the art in the field" and includes limitations "sufficient to 'transform' the claims into a patent-eligible application" lacks adequate supporting reasoning and evidence. *See* Br. 4.

As discussed above, claim 1 recites two generic components—a "storage medium" and a "processor"—that perform functions specified in terms of results, not mechanisms to achieve those results. That is, claim 1 recites these functions "in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology." *Affinity Labs of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016) (quoting *Elec. Power Grp.*, 830 F.3d at 1351). That is not enough. *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1342 (Fed. Cir. 2017) (concluding claims did not recite an inventive concept where the claims "provide[] only a result-oriented solution, with insufficient detail for how a computer accomplishes it").

As for *DDR Holdings*, we disagree with Appellants that the claims before us are similar to the claim at issue in that case. There, the disputed claims solved an Internet-specific problem with an Internet-based solution that was "necessarily rooted in computer technology" and "overr[ode] the routine and conventional sequence of events." *DDR Holdings*, 773 F.3d at 1255–59. Here, as noted above, claim 1 merely recites performing functions specified at a high level of generality using generic computer components. As the *DDR Holdings* court explained, "after *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible." *DDR Holdings*, 773 F.3d at 1256.

DECISION

We affirm the Examiner's rejection of claims 1, 3–9, 11–17, and 19–26 under 35 U.S.C. § 101.

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).

AFFIRMED