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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte ISAAC CHAPA,
STEVEN HATLEY, and JOE ROSS

Appeal 2016-006491
Application 14/272,942¹
Technology Center 3600

Before, JOSEPH A. FISCHETTI, MICHAEL C. ASTORINO,
and BRUCE T. WIEDER, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL
STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection² of claims 1–20. We have jurisdiction under 35 U.S.C. § 6(b).

¹ Appellants identify CSIDENTITY CORPORATION as the real party in interest. Br. 3.

² We herein refer to the Specification (“Spec.”) filed May 8, 2014; Final Office Action (“Final Act.”), mailed June 11, 2015; Appeal Brief, (“Br.”) filed Nov. 9, 2015; and the Examiner’s Answer, (“Ans.”) mailed Apr. 5, 2015. No Reply Brief has been filed.

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellants claim “system[s] and methods of delayed billing for on-demand products” (Spec ¶ 2.).

Claim 1, reproduced below, is representative of the subject matter on appeal:

1. A method comprising:
 - receiving, via an on-demand product provision system comprising at least one server computer, a binding request from a consumer, wherein the binding request comprises a selection of an on-demand product;
 - providing, by the on-demand product provision system, the on-demand product to the consumer prior to billing the consumer;
 - automatically determining, by the on-demand product provision system, delayed-billing settings that are applicable to the on-demand product based, at least in part, on the selection, wherein the delayed-billing settings comprise one or more product-delivery factors;
 - determining, by the on-demand product provision system, whether delivery of the on-demand product is successful based, at least in part, on an evaluation of the one or more product-delivery factors;
 - wherein the determining whether delivery of the on-demand product is successful comprises performing at least one of the following actions:
 - determining whether the consumer has been added to a system that provides a monitoring service, the on-demand product comprising the monitoring service;
 - determining whether the on-demand product has been transmitted in its entirety to the consumer; and
 - determining whether the on-demand product is accessible to the consumer over a network; and

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the on-demand product provision system delaying billing of the consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful.

(Br., Claims Appendix, 20).

THE REJECTION

The following rejection is before us for review:

Claims 1–20 are rejected under 35 U.S.C. § 101. (*See* Final Act. 4–5; Ans. 2.)

ANALYSIS

35 U.S.C. § 101 REJECTION

We will sustain the rejection of claims 1–20 under 35 U.S.C. § 101.

The Supreme Court instructs us:

[we] 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 has] 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

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significantly more than a patent upon the [ineligible concept] itself.”

Alice Corp., Pty. Ltd. v CLS Bank Int’l, 134 S. Ct. 2347, 2355 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72–73 (2012) (citations omitted)).

To perform this test, we must first determine whether the claims at issue are directed to a patent-ineligible concept.

Although 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 to.

The step(s) in claim 1 result in: delaying billing of the consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful.

The Specification states,

Numerous computer systems exist that provide on-demand products to consumers. For purposes of this patent application, an *on-demand product* is a product that is requested by a consumer and is intended by a provider to be delivered in real-time or in near real-time. On-demand products are generally requested electronically over a communications network such as, for example, public or private intranets, a public switched

telephone network (PSTN), a cellular network, the Internet, or the like. Examples of on-demand products include content such as, for example, text, graphics, photos, video, audio, code, software applications, documents, access to cloud applications, and the like. On-demand products can also include content streaming, for example, of video, audio, and the like. By way of further example, on-demand products may include services such as, for example, identity-monitoring services. In general, on-demand products are not, *inter alia*, physically shipped or delivered. Rather, on-demand products are typically delivered electronically over a communications network or by initiating a requested service.

Specification ¶ 3.

The Specification describes:

[t]raditionally, systems that provide on-demand products bill for the on-demand product soon after a consumer has made a binding request for the on-demand product, for example, by requesting or enrolling for the on-demand product and providing payment information. When various complexities cause the on-demand product to not be delivered, a consumer is usually still charged for the on-demand product. As consumer-protection laws and regulations proliferate worldwide, such billing practices can carry significant risk.

Specification ¶ 4.

Thus, all this evidence shows that claim 1 is directed to delaying billing a consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful. It follows from prior Supreme Court cases, and *Gottschalk v. Benson*, 409 U.S. 63 (1972) in particular, that the claims at issue here are directed to an abstract idea. Delaying billing a consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful is a fundamental economic practice of a transaction because delivery of goods/services concurrent with or after payment is basic to the transaction. The patent-ineligible end of the 35 U.S.C. § 101 spectrum includes fundamental economic practices. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2355–1257. Also, we find the steps of:

1. automatically determining ...delayed-billing settings that are applicable to the on-demand product based, at least in part, on the selection,
2. determining...whether delivery of the on-demand product is successful based, at least in part, on an evaluation of the one or more product delivery factors;
3. wherein the determining whether delivery of the on-demand product is successful comprises performing at least one of the following actions:
 - a. determining whether the consumer has been added to a system that provides a monitoring service, the on-demand product comprising the monitoring service;

b. determining whether the on-demand product has been transmitted in its entirety to the consumer; and

c. determining whether the on-demand product is accessible to the consumer over a network, constitute physical acts by a human and/or “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, as essentially mental processes within the abstract-idea category.” *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1354 (Fed. Cir. 2016). *See also buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) (claims directed to certain arrangements involving contractual relations are directed to abstract ideas). Thus, delaying billing a consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful is an “abstract idea” beyond the scope of § 101.

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 an intermediated settlement in *Alice* and the concept of delaying billing of the consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful, at issue here. Both are squarely within the realm of “abstract ideas” as the Court has used that term. That the claims do not preempt all forms of the abstraction or may be limited to on-demand products, does not

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make them any less abstract. *See OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1360–61 (Fed. Cir. 2015).

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 “implemen[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 (alterations in original) (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 take in data, compute a result, and return the result to a user

amounts to electronic data query and retrieval—some 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.

Considered as an ordered combination, the computer components of Appellants' method add nothing that is not already present when the steps are considered separately. Viewed as a whole, Appellants' claims simply recite the concept of delaying billing a consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful. The 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 instructions to delay billing a consumer for the on-demand product at least until it can be determined that the delivery of the on-demand product is successful. The sequence of data reception-analysis-access found in the determining steps is equally generic and conventional or otherwise held to be abstract. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (sequence of receiving, selecting, offering for exchange, display, allowing access, and receiving payment recited an abstraction), *Two-Way Media Ltd. v. Comcast Cable Communications, LLC*, 874 F.3d 1329, 1339 (Fed. Cir. 2017) (sequence of

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processing, routing, controlling, and monitoring). The ordering of the steps is therefore ordinary and conventional.

Under our precedents, this is not enough to transform an abstract idea into a patent-eligible invention. *See Alice Corp. Pty. Ltd.*, 134 S. Ct. at 2360.

As to the structural claims, they are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea. This Court has long “warn[ed] ... against” interpreting § 101 “in ways that make patent eligibility ‘depend simply on the draftsman’s art.’

Alice Corp. Pty. Ltd., 134 S. Ct. at 2360 (alterations in original).

We have reviewed all the arguments (*See* Br. 6–19) Appellants have submitted concerning the patent eligibility of the claims before us which stand rejected under 35 U.S.C. § 101. We find that our analysis above substantially covers the substance of all the arguments which have been made. But, for purposes of completeness, we will address various arguments in order to make individual rebuttals of same.

Appellants argue,

[L]ike the stock quotes in *Simpleair*, both delivery of and billing for on-demand products are time-sensitive, as electronic delivery and billing are real-time or near real-time processes. If a consumer, however, is real-time billed for an on-demand product without real-time electronic

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delivery having occurred in the way that it should,
then the consumer has been wrongly billed.

(Br. 7); see *Google Inc. v. SimpleAir, Inc.*, CBM 2014-00170
(Jan. 22, 2015).

We disagree with Appellants. Claim 1 of U.S. Patent 8,601,154 B2 to *SimpleAir* Inc. deals with parsing data through a gateway configured to “build data blocks from the parsed data and assign addresses to the data blocks.” By comparison, the most detailed recitation of device technology in the claims at hand is a claimed, “on–demand product provision server.”³ When Appellants argue here that the realtime aspect of the claims results in eliminating wrong billing, they are arguing an effect of the process, and not

³ Claim 1 of US Patent US 8,601,154 B2 assigned to *SimpleAir* Inc. recites in pertinent part:

“(c) transmitting the generated data to a central broadcast server configured to process the generated data using at least one parser and transmit the processed data to receivers communicatively coupled with remote computing devices associated with subscribed users, wherein the central broadcast server:

(i) comprises one or more servers associated with a parser to parse the generated data received from the information source;
(ii) is communicatively coupled to at least one information gateway, the information gateway configured to build data blocks from the parsed data and assign addresses to the data blocks; and
(iii) is communicatively coupled to at least one transmission gateway, the transmission gateway configured to prepare the addressed data blocks for transmission to the receivers and configured to cause the addressed data blocks to be transmitted to the receivers, and wherein the transmission is made whether the remote computing devices are online or offline from a data channel associated with the remote computing devices.”

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a technological improvement. In the claims on appeal, the claims as a whole are not “focus[ed] on a specific means or method that improves the relevant technology,” but rather are “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, 1314 (Fed. Cir. 2016).

A like analysis is applicable for Appellants’ argument that the claims on appeal can be liken to those in *DDR Holdings* (Appeal Br. 8, 12). In *DDR*, the claims at issue involved, inter alia, “web page[] displays [with] at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants” (claim 1 of US 7,818,399 B1). There is no such claim element with this degree of detail here before us. All that is required by the claims is a generically recited “on-demand product provision server”.

Appellants further argue,

Appellant[s] respectfully submit[s] that the mere listing of judicial exceptions does not provide a reasoned rationale, therefore a *prima facie* rejection has not been established.

Appellant[s] further submit[s] that it is a contradiction for the Office to recognize that the subject matter to which the claims are directed encompasses all of the recitations of the claims, but contend[s] that the subject matter of the claims comprises a fundamental economic practice when that subject matter was deemed not to have been taught by the prior art.

(Br. 10).

We disagree with Appellants. All that is required of the office to meet the notice requirement of § 132 is that the examiner must “notify the applicant,” “stating the reasons for such rejection,” “together with such information and references as may be useful in judging the propriety of continuing prosecution of his application.” 35 U.S.C. § 132. *In re Jung*, 637 F.3d 1356 at 1363 (Fed. Cir. 2011). Further, there is no absolute requirement that an examiner provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea.⁴ Although evidence may be helpful, e.g., where facts are in dispute, it is not always needed. *See Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325–26 (Fed. Cir. 2016) (“[I]t is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues.”).

“Appellants respectfully submit that interpreting all claims that include a general-purpose computer as encompassing an abstract idea simply because of the existence of the general-purpose computer effectively renders

⁴ *See, e.g.*, MPEP 2106.07(a)(III) (2018) (“The courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a question of law. Thus, the court does not require ‘evidence’ that a claimed concept is a judicial exception, and generally decides the legal conclusion of eligibility without resolving any factual issues.” (Citations omitted.))

all business methods patents patent ineligible, a result in direct contradiction to the holdings in *Bilski* and *Alice*.” (Br. 14).

We disagree with Appellants’ interpretation of the precedent which clearly states limiting an abstract concept, such as updating data, to a generic purpose computer or apparatus, does not make the abstract concept patent-eligible under 35 U.S.C. § 101. As recognized by the Supreme Court, “the mere recitation of a generic computer cannot transform a patent ineligible abstract idea into a patent-eligible invention.” *See Alice*, 134 S. Ct. at 2359 (concluding claims “simply instruct[ing] the practitioner to implement the abstract idea of intermediated settlement on a generic computer” not patent eligible); *see also Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–716 (Fed. Cir. 2014)) (claims merely reciting abstract idea of using advertising as currency as applied to particular technological environment of the Internet not patent eligible).

Appellants further argue that, “[t]he present claims include recitations of unconventional steps that confine the claim to a particular useful application.” (Br. 18).

The question in step two of the *Alice* framework is not whether an additional feature is novel. “The ‘novelty’ of any element or steps in a process, or even of the process itself, is of no relevance in determining whether the subject matter of a claim falls within the § 101 categories of possibly patentable subject matter.” *Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981). Nor do we find persuasive Appellants’ argument that the claim is

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confined to a particular application, which we understand to be an argument that the claim does not preempt all uses of the abstract idea. But “[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 Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).

Finally, Appellants argue,

Appellant submits that the recited claims add specific limitations other than what is well-understood, routine and conventional in the fields of the alleged abstract idea of "conducting a purchase of a product," and thus are patent-eligible at least as adding "significantly more" to an abstract idea,....”

(Appeal Br. 16, *see also id.* at 8).

We disagree with Appellants because the Examiner’s reliance on the determination of “well understood routine and conventional” extends only to the technological environment of the claims. (Final Act. 3, *stating*, “The claims merely amount to the application or instructions to apply the abstract idea (i.e. conducting a purchase of a product) using a system comprising at least one server, and is considered to amount to nothing more than requiring a generic server to merely carry out the abstract idea itself.”) Such an analysis is a factual determination. *See Berkheimer v. HP Inc.*, 881 F.3d 1360, 1369 (Fed. Cir. 2018) (“[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.”). However, we agree with the Examiner that the

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claims require a technological environment which only uses well understood routine and conventional parts because the claims at best only require a product a server computer, and a network, or in the case of claims 20, a non-transitory computer program. Indeed, the Specification recognizes that use of a generic server computer, a network, and a client computing device is conventional. (*See, e.g.*, Spec. ¶¶ 3, 16, 24.)

CONCLUSION OF LAW

We conclude the Examiner did not err in rejecting claims 1-20 under 35 U.S.C. § 101.

DECISION

The decision of the Examiner to reject claims 1–20 is affirmed.

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.