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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte JAY S. WALKER, ANDREW S. VAN LUCHENE,
and MAGDALENA M. FINCHAM

Appeal 2016-006759
Application 13/036,189
Technology Center 3600

Before MARC S. HOFF, JOHN A. EVANS, and JOYCE CRAIG,
Administrative Patent Judges.

CRAIG, *Administrative Patent Judge.*

DECISION ON APPEAL

Appellants¹ appeal under 35 U.S.C. § 134(a) from the Examiner's Final Rejection of claims 1, 3, 4, 7–9, 12–15, 19–26, and 28, which are all of the claims pending in this application.² We have jurisdiction under 35 U.S.C. § 6(b).

We affirm.

¹ According to Appellants, the real party in interest is Facebook, Inc. App. Br. 3.

² Claims 2, 5, 6, 10, 11, 16–18, and 27 have been canceled. App. Br. 20–24 (Claim App'x).

INVENTION

Appellants' invention relates to a method and apparatus for product display. Abstract. Claim 1 is illustrative and reads as follows:

1. A method comprising:

by one or more computers, receiving an indication of a product category from a user;

by one or more computers, determining a product based on the product category;

by one or more computers, identifying a set of substitute products, wherein the particular substitute products are identified based on the product category, and wherein each substitute product in the set is associated with information comprising:

a payment that a respective manufacturer has agreed to pay each time the substitute product is purchased,

a payment that the respective manufacturer has agreed to pay each time the substitute product is displayed and

an offer to be provided to the user for purchasing the substitute product from the product category;

by one or more computers, selecting a substitute product from the set of substitute products, wherein selecting the substitute product is based at least in part on the payment that the respective manufacturer has agreed to pay each time the substitute product is purchased and on the payment that the respective manufacturer has agreed to pay each time the substitute product is displayed, and wherein selecting the substitute product is further based on a substitution success rate for the selected substitute product, the substitution success rate being calculated with respect to the substitute product being substituted for the determined product; and

by one or more computers, sending the selected substitute product with the associated offer to the user for display, wherein the selected substitute product and the associated offer are displayed adjacent to the determined product on a check-out

webpage to provide an incentive to the user to purchase the substitute product at check-out, and wherein the check-out webpage provides functionality to complete the purchase of the substitute product.

REJECTIONS

Claim 28 stands rejected under 35 U.S.C. § 112 (pre-AIA), second paragraph, as indefinite for failing to particularly point out and distinctly claim the subject matter which the inventor or a joint inventor regards as the invention. Final Act. 7–8.

Claims 1, 3, 4, 7–9, 12–15, 19–26, and 28 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more). Final Act. 8–12.

ANALYSIS

We have reviewed the rejections of claims 1, 3, 4, 7–9, 12–15, 19–26, and 28 in light of Appellants' arguments that the Examiner erred. We have considered in this decision only those arguments Appellants actually raised in the Briefs. Any other arguments Appellants could have made, but chose not to make, in the Briefs are waived. *See* 37 C.F.R. § 41.37(c)(1)(iv).

Appellants' arguments are not persuasive of error. We agree with and adopt as our own the Examiner's findings of facts and conclusions as set forth in the Answer (Ans. 2–6) and in the Action (Final Act. 7–12) from which this appeal was taken. We provide the following explanation for emphasis.

Rejection of Claim 28 under 35 U.S.C. § 112, Second Paragraph

The Examiner rejected claim 28 on the ground of indefiniteness. Final Act. 7–8. Because Appellants do not contest the merits of the Examiner’s rejection, we *pro forma*, sustain the Examiner’s rejection of claim 28 under 35 U.S.C. § 112, second paragraph. See 37 C.F.R. § 41.31(c) (“An appeal, when taken, is presumed to be taken from the rejection of all claims under rejection unless cancelled by an amendment filed by the applicant and entered by the Office.”); 37 C.F.R. § 41.37(c)(iv) (“[A]ny arguments or authorities not included in the appeal brief will be refused consideration by the Board for purposes of the present appeal.”); MPEP § 1205.02 (9th ed. March 2014) (“[T]he Board may summarily sustain any grounds of rejections not argued.”).

Rejection of All Pending Claims under 35 U.S.C. § 101

Under 35 U.S.C. § 101, 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 an implicit exception: “[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).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 83 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at

issue are directed to one of those patent-ineligible concepts” (*id.*), for example, to an abstract idea. If the claims are directed to one of the patent-ineligible concepts, the inquiry proceeds to the second step where the elements of the claims are considered “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*, 566 U.S. at 78).

Here, the Examiner concluded that the claims, as reasonably and broadly construed, are directed to the abstract concept of influencing a user to purchase a selectable substitute product at checkout—a fundamental economic practice—and, thus, are directed to a patent-ineligible abstract idea. Final Act. 11. The Examiner concluded that the claims do not include additional elements that are sufficient to amount to significantly more than the judicial exception. *Id.*

With regard to the first step of the *Alice* inquiry, Appellants argue in a conclusory manner that the claims are directed to “selection of a substitute product for insertion into an online check-out webpage based on specific criteria and manipulating the check-out webpage in order to facilitate online purchase of the substitute product,” which “is not an abstract idea” or a fundamental economic practice. App. Br. 13.

The claims are directed to the fundamental economic idea of advertising. Specifically, claim 1³ is directed to identifying a substitute product (i.e., sending the selected substitute product with the associated offer

³ Appellants argue claims 1, 3, 4, 7–9, 12–15, 19–26, and 28 as a group (*see, e.g.,* App. Br. 13), and we choose claim 1 as representative of the group. *See* 37 C.F.R. § 41.37(c)(1)(iv).

to the user for display) in order to influence the user to purchase the substitute product at checkout. *See Affinity Labs. of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1269 (Fed. Cir. 2016) (“we hold that the concept of delivering user-selected media content to portable devices is an abstract idea”); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369–70 (Fed. Cir. 2015) (the practice of tailoring advertising to individual customers is a “fundamental . . . practice long prevalent in our system”); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714–15 (Fed. Cir. 2014) (“showing an advertisement before delivering free content” is an abstract idea). Appellants have not persuasively explained why the claims are not directed to an abstract idea.

Appellants further contend the Examiner erred because, as in *DDR Holdings*, the present claims do not “broadly and generically claim use of the Internet to perform an abstract [idea].” App. Br. 12 (citing *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (2014)).

Appellants argue that, instead, independent claims 1, 3, and 15 are directed to selection of a substitute product for insertion into an online check-out webpage based on specific criteria and manipulating the check-out webpage in order to facilitate online purchase of the substitute product. *Id.*

According to Appellants, in particular, the claims “specify how interactions with the Internet are manipulated to yield a desired result,” namely by “identifying a set of substitute products.” *Id.* Appellants argue that “one of skill in the art would recognize that the claimed invention is ‘necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.’” *Id.* at 13.

Appellants' arguments are not persuasive. We disagree that claim 1 is like the claims in *DDR Holdings*. Here, no technological advance is evident. Claim 1 involves nothing more than obtaining and analyzing information in order to identify a selectable, substitute product for purchase at checkout, without any particular inventive technology. Unlike the situation in *DDR Holdings*, Appellants do not identify any problem particular to computer networks and/or the Internet that claim 1 allegedly overcomes. To the contrary, rather than addressing a technical problem, the method of claim 1 is used to solve the business problem of influencing a user to purchase a substitute product. *See* Ans. 4. We agree with the Examiner that here, as in *Ultramercial*, there is no indication that a computer network, or the Internet, in particular, is used other than in its normal, expected, and routine manner for receiving, processing, and displaying data. *See* Ans. 4 (citing *Ultramercial*, 772 F.3d at 709).

For these reasons, we are not persuaded the Examiner erred in concluding claim 1 is directed to an abstract idea.

Turning to *Alice* step two, Appellants contend "one of skill in the art would understand the invention to provide at least improvements to another technology or technical field or improvements to the functioning of the computer itself." App. Br. 14. Appellants further contend the claims relate to "a computer-implemented method to transform data in a particular manner by" the recited "receiving," "determining," "identifying," "selecting," and "sending" steps of claim 1. *Id.* Appellants rely on *PNC Bank v. Secure Access, LLC*, CBM2014-00100, 2014 WL 4537440 (PTAB Sept. 9, 2014) to argue that claims that require a transformation of data are not directed to abstract ideas. App. Br. 14.

Appellants' arguments are not persuasive. Appellants do not point to anything in the Specification, or otherwise identify the technological improvements one of ordinary skill would allegedly understand the claims to recite. Nor do Appellants point with particularity to the data that is allegedly transformed in a particular manner. Selecting and displaying a substitute product in a user interface to convey information to a user is not sufficient to transform the nature of the claim under the second step of *Alice*. See, e.g., *Intellectual Ventures I*, 792 F.3d at 1370 (finding that the recited “interactive interface” was not a “specific application of the abstract idea that provides an inventive concept”); *Affinity*, 838 F.3d at 1262 (characterizing a “graphical user interface” as a “generic feature” of the invention).

Moreover, the claims in *PNC Bank* are not comparable to the claims at issue here. In *PNC Bank*, the claims involved authenticating a web page. Appellants have not shown how the facts in *PNC Bank* are relevant to the present Appeal, and *PNC Bank* is not precedential or binding on this panel in this Appeal. In addition, there are significant differences between the attorney arguments presented in a post-grant AIA-CBM proceeding such as *PNC Bank* and the findings and conclusions of an Examiner. See *Icon Health & Fitness, Inc. v. Strava, Inc.*, 849 F.3d 1034, 1042–44 (Fed. Cir. 2017) (discussing differences between attorney arguments and the Examiner's findings).

Appellants next contend claim 1 contains an “inventive concept” because the claim is patentably distinct from the prior art. App. Br. 15.

We disagree. A finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. Although the second step in the *Alice* framework is termed a

search for an “inventive concept,” the analysis is not an evaluation of novelty or non-obviousness, but rather, a search for “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 Corp.*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 72–73). “Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013). A novel and nonobvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90; *see also Diamond v. Diehr*, 450 U.S. 175, 188–89 (1981) (“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”).

For these reasons, we are not persuaded the Examiner erred in concluding no additional elements transform the nature of claim 1 into a patent-eligible application.

Finally, Appellants contend the Examiner failed to establish a *prima facie* case that the claims are directed to an abstract idea because the Examiner presented no evidence that “selecting substitute products to offer a user on a check-out screen of a web browser” is a fundamental economic practice. App. Br. 15–16 (citing *PNC Bank v. Secure Access*, CBM2014-00100, 2014 WL 4537440 (PTAB September 9, 2014)). Appellants also argue “there is no evidence on the record that the invention as defined by the particular claim limitations is simply an abstract method for ‘influencing a

user to purchase a selectable substitute product at check-out’ as asserted by the Examiner.” *Id.* at 16.

Although we do not consider *PNC Bank* either controlling or germane, that panel’s consideration of evidence in making a determination under the first step of the *Alice* framework is not without merit. A similar approach was taken in *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229 (Fed. Cir. 2016). But these cases do not stand for the proposition that examiners must provide evidentiary support in every case before a conclusion can be made that a claim is directed to an abstract idea. There is no such requirement. *See, e.g.*, MPEP 2106.07(a)(III) [R-08.2017] (“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.”) Evidence may be helpful in certain situations where, for instance, facts are in dispute, but it is not always necessary. Appellants have not persuaded us it is necessary in this case.

Moreover, the Federal Circuit has repeatedly explained that “the *prima facie* case is merely a procedural device that enables an appropriate shift of the burden of production.” *Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed. Cir. 2007) (citing *In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). The Examiner carries the burden of establishing a *prima facie* case when its rejection satisfies 35 U.S.C. § 132 by setting forth a rejection in a sufficiently articulate and informative manner. *In re Jung*, 637 F.3d 1356, 1363 (Fed. Cir. 2011). If the Examiner “adequately explain[s] the shortcomings . . . the burden shifts to the applicant to rebut the *prima facie* case with evidence and/or argument.” *Hyatt*, 492 F.3d at 1370.

The Final Office Action adequately explains the § 101 rejection. *See* Final Act. 8–12. The Examiner’s statements satisfy § 132 because they apply the *Alice* analytical framework and apprise Appellants of the reasons for the § 101 rejection under that framework. Appellants have recognized the Examiner’s *Alice* analysis and have presented arguments regarding each step. *See* App. Br. 10–18. Appellants have not responded by alleging a failure to understand the rejection. *Id.*

For these reasons, we are not persuaded the Examiner failed to make a *prima facie* case of patent ineligibility under § 101.

Accordingly, we sustain the Examiner’s § 101 rejection of representative claim 1, as well as the Examiner’s § 101 rejection of grouped claims 3, 4, 7–9, 12–15, 19–26, and 28, not argued separately. *See* App. Br. 13, 18.

DECISION

We affirm the decision of the Examiner rejecting claims 1, 3, 4, 7–9, 12–15, 19–26, and 28.

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