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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GOKUL RAJARAM

Appeal 2016–006781¹
Application 13/247,780²
Technology Center 3600

Before MURRIEL E. CRAWFORD, BRADLEY B. BAYAT, and
MATTHEW S. MEYERS, *Administrative Patent Judges*.

MEYERS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellant appeals under 35 U.S.C. § 134(a) from the Examiner’s Non-Final Rejection of claims 1–4, 6, 10, 21–25, 27–31, and 34–37. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

¹ Our decision references Appellant’s Appeal Brief (“Br.,” filed November 3, 2015), the Examiner’s Answer (“Ans.,” mailed April 20, 2016), and Non-Final Office Action (“Non-Final Act.,” mailed July 15, 2015).

² Appellant identifies Facebook, Inc., as the real party in interest (Br. 3).

CLAIMED INVENTION

Appellant's claims relate generally to "to providing a referral program for businesses that also maintain a presence on a social networking system" (Spec. ¶ 1).

Claims 1, 21, and 28 are the independent claims on appeal. Claim 1, reproduced below with minor formatting changes and added bracketed notations, is illustrative of the subject matter on appeal:

1. A method comprising:

[a] receiving a request to perform a social-networking action in relation to a concept node and a user node in a social graph of a social-networking system, wherein the user node represents a user of the social-networking system, and wherein the concept node represents a merchant;

[b] by the computing device, receiving data indicating a completed transaction involving the user and the merchant, wherein the data comprises information identifying the user, the merchant, and a particular purchase by the user from the merchant;

[c] by the computing device, in response to the receiving the request, displaying a prompt to enter an interaction identification code, wherein the interaction identification code is a unique code generated by the merchant, and wherein the interaction identification code identifies the completed transaction;

[d] by the computing device, receiving the interaction identification code;

[e] by the computing device, verifying, using the data indicating the completed transaction, the interaction identification code;

[f] by the computing device, displaying (1) a list of entities associated with the merchant in the social-networking system and (2) a prompt to select a referrer from the list of entities;

[g] by the computing device, receiving a selection identifying one of the entities as the referrer, the social-networking system being operable to apply one or more policies to an account associated with the referrer and the merchant in the social-networking system; and

[h] by the computing device, creating an edge between the user node and the concept node in relation to the social-networking action, wherein the edge comprises information associating the identified referrer entity with the data indicating the completed transaction.

REJECTIONS

Claims 1–4, 6, 10, 21–25, 27–31, and 34–37 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–4, 10, 21–24, 27–30, and 34–37 are rejected under 315 U.S.C. § 103(a) as being unpatentable over Klish (US 2010/0223119 A1, pub. Sept. 2, 2010) and Bohannon, (US 2010/0262461 A1, pub. Oct. 14, 2010).

Claims 6, 25, and 31 are rejected under 35 U.S.C. § 103(a) as being unpatentable over Klish, Bohannon, and Redstone (US 8,150,844 B2, iss. Apr. 3, 2012).

ANALYSIS

Non-statutory subject matter

Independent claims 1, 21, and 28, and dependent claims 2–4, 6, 10, 22–25, 27, 29–31, and 34–37

Appellant argues claims 1–4, 6, 10, 21–25, 27–31, and 34–37 as a group (*see* Br. 5–9). We select independent claim 1 as representative.

Claims 2–4, 6, 10, 21–25, 27–31, and 34–37 stand or fall with independent claim 1. *See* 37 C.F.R. § 41.37(c)(1)(iv).

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 (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 Corp.*, 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.* If the claims are not directed to a patent-ineligible concept, e.g., an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 566 U.S. at 79, 78).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. Therefore, the Federal Circuit has instructed that claims are to be considered in their entirety to determine “whether their character as a whole is directed to excluded subject matter.”

McRO, Inc. v. Bandai Namco Games Am., Inc., 837 F.3d 1299, 1312 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)).

In rejecting the pending claims under 35 U.S.C. § 101, the Examiner determined that the claims are directed to a method

[t]o implement the abstract idea of organizing human activities, utilizing basic data processing techniques, between a user (buyer), a merchant (seller), and a third-party (a referrer). Furthermore, this abstract idea also seems to be directed to a fundamental economic practice, at least in part, of crediting the referrer for increasing sales for a particular merchant, sort of like a word-of-mouth campaign. Lastly, the transaction identifier as being claimed is being interpreted as a routine and fundamental building block utilized in the industry for daily business activities such as settlement, accounting and/or forecasting.

(Non-Final Act. 5; *see also* Ans. 3–4). The Examiner also determined that the additional elements or combination of elements in the claims, other than the abstract idea, amounts to “no more than: (i) mere instructions to implement the idea on a computer, and (ii) recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry”; and that viewed as a whole, these additional claim elements do not provide meaningful limitations to transform the abstract idea into a patent-eligible application of the abstract idea such that the claims amount to significantly more than the abstract idea itself (Non-Final Act. 5–6).

In response, Appellant argues that independent claim 1 is not directed to an abstract idea because “[i]t is not by itself a building block of human ingenuity, a fundamental economic practice, a method of organizing human

activity, an idea of itself, or a mathematical relationship or formula” (Br. 7–8). However, the Supreme Court in *Alice* did not rigidly define or otherwise restrict the universe of abstract ideas to one or more of: a building block of human ingenuity, a fundamental economic practice, and an algorithm. *See Alice*, 134 S. Ct. at 2357 (“[W]e need not labor to delimit the precise contours of the ‘abstract ideas’ category”). And, under step one of the framework set forth in *Alice*, we agree with the Examiner that the invention is broadly directed to an abstract idea (*see e.g.*, Ans. 3 (citing Spec. ¶¶ 1, 51)), and is similar to the steps that the Federal Circuit determined are patent ineligible in *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (collecting information and “analyzing information by steps people go through in their minds, or by mathematical algorithms, without more, [are] essentially mental processes within the abstract-idea category.”).

Here, as the Examiner points out (*see* Ans. 3), the present invention “relates to providing a referral program for businesses that also maintain a presence on a social networking system, and from the referral program, identifying experts and influencers in the social network and utilizing the identified experts and influencers for advertising, social grouping, and other suitable purposes” (Spec. ¶ 1). According to the Specification, the present

[i]nvention permit[s] an application residing on a computing device to receive a code corresponding to a particular node on the social network that represents a particular business. Upon receiving the code, the application may prompt the user of the application to select from a list of his or her first-degree connections, the user or users who referred the user to the particular business.

(*Id.* ¶ 4). And, taking independent claim 1 as representative, the claimed subject matter is generally directed to “receiving a request to perform a social-networking action” between “a user of the social-networking system” and “a merchant,” “receiving data indicating a completed transaction involving the user and the merchant,” “in response to the receiving the request, displaying” an interaction identification code that identifies the completed transaction, and is generated by the merchant, receiving and verifying the interaction identification code, “displaying (1) a list of entities associated with the merchant in the social-networking system and (2) a prompt to select a referrer from the list of entities,” “receiving a selection identifying one of the entities as the referrer,” and the ability “to apply one or more policies to an account associated with the referrer and the merchant in the social-networking system,” “creating an edge between the user node and the concept node in relation to the social-networking action.” *See* claim 1 *supra*.

Accordingly, we find that independent claim 1 involves nothing more than receiving data, analyzing data, and providing data, without any particular inventive technology — activities squarely within the realm of abstract ideas. *See, e.g., Elec. Power Grp., LLC*, 830 F.3d at 1353–54 (when “[t]he focus of the asserted claims . . . is on collecting information, analyzing it, and displaying certain results of the collection and analysis,” the claims are directed to an abstract idea). *See also Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344–45 (Fed. Cir. 2013) (claims reciting “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer” not patent

eligible); *Clarilogic, Inc. v. FormFree Holdings Corp.*, 681 F. App'x 950, 954 (Fed. Cir. 2017) (non-precedential) (holding 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”).

Turning to the second step of the *Mayo/Alice* framework, rather than reciting additional elements that amount to “significantly more” than the abstract idea, exemplary independent claim 1, at best, adds only “a computing device” i.e., “a desktop computer, laptop computer, personal digital assistant (PDA)” (*see, e.g., Spec. ¶ 17*), which lacks an inventive concept. Although the steps of independent claim 1 may be tied to a computer (*see Br. 7*), that is not sufficient by itself to transform the abstract idea into patent-eligible subject matter. *See, e.g., DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (internal quotation marks omitted) (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. . . . The bare fact that a computer exists in the physical rather than purely conceptual realm ‘is beside the point.’”).

And, similar to *Electric Power*, we are not apprised of anything other than off-the-shelf, conventional computer and display technology for gathering, analyzing, and presenting the desired information to remove the claim from the class of subject matter ineligible for patenting. As the court explained in *Electric Power*, “merely selecting information, by content or source, for collection, analysis, and display does nothing significant to differentiate a process from ordinary mental processes, whose implicit

exclusion from § 101 undergirds the information-based category of abstract ideas.” *Elec. Power Grp.*, 830 F.3d at 1355.

Appellant argues that even if the claims are directed to an abstract idea, the claims are nonetheless patent-eligible because the claims “contain an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application” (Br. 8). However, to the extent Appellant maintains that the claimed invention is patent-eligible, i.e., that claim 1 amounts to “significantly more” than an abstract idea, and/or that the recited functions are not “well-understood, routine, and conventional activities,” because independent claim 1 “is patentably distinct from the cited references,” Appellant misapprehends the controlling precedent.

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 *Mayo/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. “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 non-obvious 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.”).

In view of the foregoing, we are not apprised of Examiner error and, thus, we sustain the Examiner’s rejection under 35 U.S.C. § 101 of independent claim 1, and claims 2–4, 6, 10, 21–25, 27–31, and 34–37, which fall with independent claim 1.

Obviousness

Independent claims 1, 21, and 28, and dependent claims 2–4, 6, 10, 22–25, 27, 29–31, and 34–37

We are persuaded by Appellant’s argument that the Examiner erred in rejecting independent claim 1 under 35 U.S.C. § 103(a), because Klish, upon which the Examiner relies, does not disclose or suggest “receiving a request to perform a social-networking action in relation to a concept node and a user node in a social graph of a social-networking system, wherein the user node represents a user of the social-networking system, and wherein the concept node represents a merchant,” as recited by limitation [a] of independent claim 1, and similarly recited by independent claims 21 and 28 (*see* Br. 9–11).

The Examiner maintains that the rejection is proper, and cites Klish, at paragraphs 37, 41, 43, 46, 47, elements 114 and 120 of Figure 1, element 304 of Figure 3, and the Abstract (Non-Final Act. 7; *see also* Ans. 5–6). However, we agree with Appellant that there is nothing in the cited portions that discloses or suggests the argued limitation.

In making this determination, we note that Klish is directed to a system “for creating advertising web user interfaces in a social web site” (Klish ¶ 3). Klish discloses that “users **122–126** belong to the social

network hosted by social network server **114**, and the users create relationships on the social network that link them to each other” (*id.* ¶ 35). Reproduced below is Figure 1 of Klish.

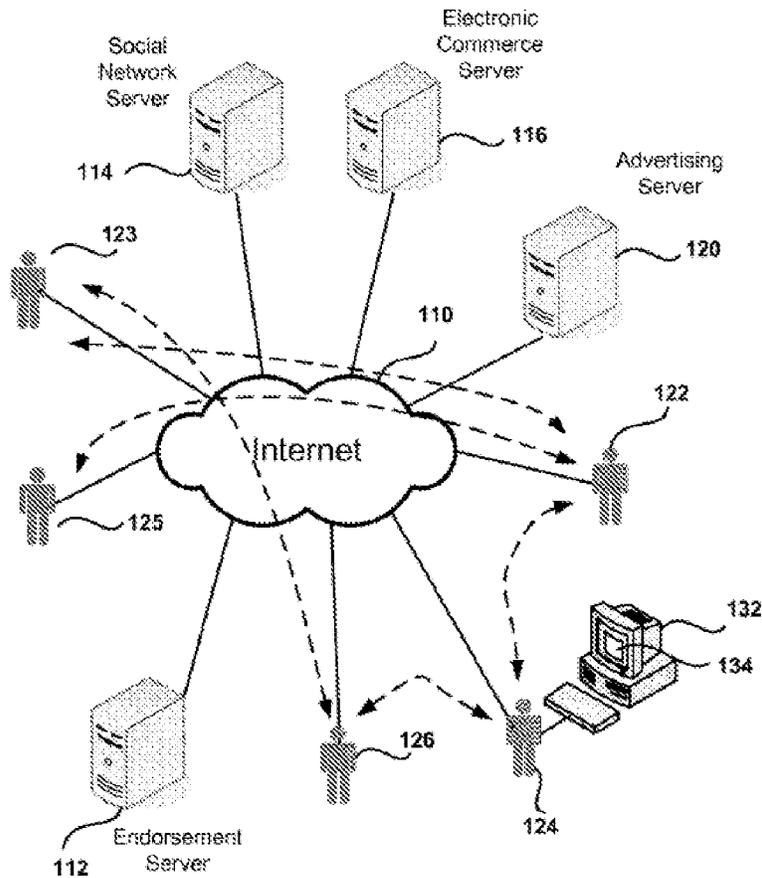


FIG. 1 depicts a simplified schematic diagram of a network system for implementing embodiments of the present invention.

Klish discloses that “sample relationships are shown in FIG. 1 by the dotted arrows joining user **122** to users **123–125**; user **124** to users **122** and **126**; user **126** to **123** and **124**; etc.” (*id.* ¶ 35). Klish further discloses that “Advertising server **120** provides ad delivery to Internet users and publishers, also referred to as content providers” (*id.* ¶ 36). Klish discloses that “Social Network Server **114**, Advertising Server **120**, Endorsement Server **112**, and Electronic Commerce Server **116** cooperate to allow users

to endorse products and services, get or search endorsement information from other users, place advertisements in social web sites, and purchase products and services” (*id.* ¶ 37). Klish further discloses that “once a user clicks on a product sponsored on a social site, the user is redirected to Electronic Commerce Server **116** where the user can purchase the sponsored product or service” (*id.*). More particularly, Klish discloses

[w]hen a product endorsement is clicked on by a user, the product advertisement redirects the user to another website containing more product information, such as Electronic Commerce Server **116** of FIG. 1. The click can be a billable event similar to sponsored search advertisements in search engines. Advertisers will pay, that is, provide incentives, for each click or conversion generated by an advertisement embedded inside a user’s home page in the form of an endorsement.

(*Id.* ¶ 48).

We have reviewed the cited portions of Klish, and agree with Appellant that none of the cited portions of Klish discloses or suggests the argued limitation. Instead, we agree with Appellant that “the social network in Klish is limited to users connected to other users” (Br. 10), and as such, does not disclose or suggest “a concept node and a user node in a social graph of a social-networking system,” as required by independent claims 1, 21, and 28. Although we agree with the Examiner that Klish describes relationships between user nodes, we do not see, and the Examiner does not explain adequately how or why Klish discloses or suggests a “concept node,” as the claims require.

Responding to Appellant’s argument in the Response to Argument section of the Answer, the Examiner finds that “there is a direct connection between the user and the merchants” in Klish because “the user is endorsing one or more of [a] merchant’s product[s]” (Ans. 6 (citing Klish ¶¶ 37, 41,

43, 49; Fig. 1, elements 112, 114 and Fig. 3, elements 304, 306)). The difficulty with the Examiner's reasoning, however, is that the claims do not simply require "a direct connection between the user and the merchants"; but rather, a connection between "a concept node and a user node." Here, as Appellant points out, Klish only discloses relationships between users (*see* Br. 10 (citing Klish ¶ 35)). The Examiner does not rely on Bohannon to address this limitation (*see* Non-Final Act. 10–11). Thus, we are persuaded by Appellant's argument that the combination of Klish and Bohannon fails to disclose or suggest "receiving a request to perform a social-networking action in relation to a concept node and a user node in a social graph of a social-networking system, wherein the user node represents a user of the social-networking system, and wherein the concept node represents a merchant," as recited by limitation [a] of independent claim 1, and similarly recited by independent claims 21 and 28.

In view of the foregoing, we do not sustain the Examiner's rejection of independent claims 1, 21, and 28 under 35 U.S.C. § 103(a). For the same reasons, we also do not sustain the Examiner's rejection of claims 2–4, 10, 22–24, 27, 29, 30, and 34–37, which depend therefrom. On the same basis, we do not sustain the obviousness rejection of dependent claims 6, 25, and 31, as the additional reference, Redstone, is not cited to remedy the aforementioned deficiency.

Appeal 2016-006781
Application 13/247,780

DECISION

The Examiner's rejection of claims 1–4, 6, 10, 21–25, 27–31, and 34–37 under 35 U.S.C. § 101 is affirmed.

The Examiner's rejections of claims 1–4, 6, 10, 21–25, 27–31, and 34–37 under 35 U.S.C. § 103(a) are 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)(1)(iv).

AFFIRMED