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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* MICHAEL J. GREBECK, ALI NASIRI AMINI,  
AARON E. FLORES, JOSE CARLOS GARCIA FRANCO,  
HANS MARIUS HOLTAN, and ROBERT ALDEN LUENBERGER

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Appeal 2016-007224<sup>1</sup>  
Application 14/059,194<sup>2</sup>  
Technology Center 3600

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Before BIBHU R. MOHANTY, MICHAEL C. ASTORINO, and  
TARA L. HUTCHINGS, *Administrative Patent Judges*.

HUTCHINGS, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner’s final rejection of claims 26–45. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

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<sup>1</sup> Our decision references Appellants’ Appeal Brief (“App. Br.,” filed Jan. 7, 2016) and Reply Brief (“Reply Br.,” filed July 12, 2016), and the Examiner’s Answer (“Ans.,” mailed May 12, 2016) and Final Office Action (“Final Act.,” mailed June 22, 2015).

<sup>2</sup> Appellants identify AOL Advertising Inc. as the real party in interest. App. Br. 3.

## CLAIMED INVENTION

Appellants' claimed invention "relate[s] to facilitating the interaction of parties engaged in electronic market transactions, and more specifically, to calculating a bid price for advertising space available on an electronic medium." Spec. ¶ 1.

Claims 26, 38, and 45 are the independent claims on appeal. Claim 26, reproduced below, is illustrative of the claimed subject matter:

26. A computer-implemented method for determining a bid price of an advertisement for a target web page, the method comprising the following operations performed by at least one processor:

receiving data associated with an online advertising campaign related to a plurality of web pages;

identifying a target web page from the plurality of web pages based on, at least in part, the received data;

collecting information relating to the target web page by parsing the received data;

determining a current option value for a learning period based on an estimated cost for communicating an advertisement on the target web page based on, at least in part, the collected information relating to the target web page, wherein determining the current option value includes:

determining a continuation value associated with receiving an expected revenue rate associated with the advertisement for the learning period; and

determining an option value associated with an option to stop communicating the advertisement during the learning period;

adjusting the estimated cost based on the current option value;

setting the bid price equal to the estimated cost when the current option is zero; and

transmitting the bid price, over a network, to a publisher.

## REJECTION

Claims 26–45 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

## ANALYSIS

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 ‘abstract idea’ step of the inquiry calls upon us to 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, 1257–58 (Fed. Cir. 2016) (internal citations omitted). In cases involving software innovations, this inquiry often turns on whether the claims focus on “the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016).

Here, in rejecting the claims under § 101, the Examiner determines that the claims are directed to “the fundamental economic practice of determining [a] bid price for [an] advertisement,” i.e., an abstract idea. Final Act. 2. The Examiner further determines that the claims do not include additional elements that constitute “significantly more” than the abstract idea because the claims do not effect an improvement to another technology or technical field, do not amount to an improvement to the functioning of the computer itself, and do not amount to more than an instruction to implement the abstract idea in a particular technological environment. *Id.* at 2–3.

In the Appeal Brief, Appellants submit that the Examiner’s characterization of the claimed subject matter “conflicts with the actual language of the claims.” App. Br. 11; *but see id.* at 12–13 (“the claims are directed to ‘determining a bid price of an advertisement for a target web page’”). Yet, Appellant does not explain how, and we do not see how, the characterization conflicts with the claim language. For example, independent claims 26, 38, and 45 each recites in the preamble that the claim is “for determining a bid price of an advertisement.” Further, each of independent claims 26, 38, and 45 recites a series of operations that result in

transmitting a bid price to a publisher. Paragraph 1 of Appellants' Specification provides that the invention relates specifically "to calculating a bid price for advertising space available on an electronic medium." The Background section describes how "a company may want to determine a bid price, which represents the highest price that the company is willing to pay for placing an advertisement on a website." Spec. ¶ 3. "The determination of a bid price may help companies, and those obtaining advertising space on their behalf, to assess the potential benefit of placing a particular advertisement on a particular web page." *Id.* Therefore, "companies have a need to determine bid prices for placing advertisements on web pages," and an object of Appellants' claimed invention is "to overcome the shortcomings of current techniques for pricing bids." *Id.* at ¶¶ 3–4. In our view, the Examiner's characterization of the claimed subject matter as "determining [a] bid price for [an] advertisement" (Final Act. 2) is fully consistent with the claim language, viewed in light of the Specification.

Appellants argue that the claims are not directed to any subject matter that the Supreme Court or the Federal Circuit has identified as abstract. App. Br. 12. Yet, Appellants cannot reasonably deny that determining a price for an advertisement is a long-standing economic practice and, therefore, an abstract idea. Appellants contend that the Examiner's indication that the claims are allowable over the prior art indicates that the claims are not directed to a long-prevalent concept or idea. App. Br. 14 (identifying claim 26's limitations for "collecting information" and "determining . . . based on, at least in part, the collected information").

Yet, a finding of novelty or non-obviousness does not automatically lead to the conclusion that the claimed subject matter is patent-eligible. A

novel and non-obvious claim directed to a purely abstract idea is, nonetheless, patent-ineligible. *See Mayo*, 566 U.S. at 90. Here, the steps of collecting information and determining may constitute an improvement to a process for determining a price, such as bid price. But an improved abstract idea is still an abstract idea.

Moreover, the steps recited in the claims involve no more than collecting and analyzing information and communicating the results, without any particular inventive technology — a concept that the courts have repeatedly held is within the realm of abstract ideas. *See, e.g., Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353–54 (Fed. Cir. 2016) (when “the 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).

We are not persuaded by Appellants’ argument that the claims are analogous to the claims at issue in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), because the address a problem arising in the realm of computer networks. App. Br. 14–16; *see also* Reply Br. 6–7.

Specifically, Appellants charge that claim 26:

solves technical problems specifically arising in the realm of computer networks (e.g., to identify a target web page and to determine a bid price for placing an advertisement on the target web page) using technical solutions (e.g., multiple significant steps, including “collecting information relating to [a] target web page by parsing ... received data”)—problems and solutions that simply do not exist in the vague, non-computerized environment of the alleged abstract idea.

App. Br. 16. Yet, the claims at issue in *DDR Holdings* modified the routine, conventional functioning of Internet hyperlink protocol to direct a user of a host website to a “store within a store” on the host website, rather than to an

advertiser’s third-party website, when the user clicks an advertisement. *DDR Holdings*, 773 F.3d at 1257–58. Here, in contrast, Appellants’ Specification describes that the “determination of a bid price may help companies . . . to assess the potential benefit of placing a particular advertisement on a particular web page.” Spec. ¶ 3. In other words, the claimed solution is an improvement to an abstract business practice, not an improvement to computer networks. Further, unlike the situation in *DDR Holdings*, there is no indication here that a computer network is used other than in its normal, expected, and routine manner, e.g., transmitting information over a network. There is a fundamental difference between computer functionality improvements, on the one hand, and using existing computers as tools to perform a particular task, on the other.

In the Reply Brief, Appellants argue that the claims, like the claims in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016), “recite particular technical aspects that are distinct from the asserted abstract idea” that “have been ignored or glossed over by the Examiner.” Reply Br. 4. Yet, the alleged improvement that Appellants tout (i.e., identifying a target web page, and determining a bid price for placing an advertisement on the web page) is not an improvement to computer capabilities akin to *Enfish*’s self-referential table for a computer database. *See Enfish*, 822 F.3d at 1335–36. *See Enfish*, 822 F.3d at 1335–36. Instead, it is an improvement to a process that qualifies as an abstract idea, for which computers are invoked merely as a tool.

Appellants argue in the Reply Brief that the “dependent claims recite additional patent-eligible subject matter,” which the Examiner’s Answer fails to address. Reply Br. 4–5. Specifically, Appellants point only to

dependent claim 27, and contend that is directed to applying models to the observed revenue rate impression and calculating a bid price that takes future events into account. *Id.* at 5. This argument is provided for the first time in the Reply Brief and is not responsive to an argument raised in the Examiner's Answer. The Appellants have not shown good cause for not presenting this argument in the opening brief. See Final Act. 2–3 (addressing claims 26–45 as a group). As such, we will not consider the Appellants' added argument. See 37 C.F.R. § 41.41(b)(2) (“Any argument raised in the reply brief which was not raised in the appeal brief, or is not responsive to an argument raised in the examiner's answer, including any designated new ground of rejection, will not be considered by the Board for purposes of the present appeal, unless good cause is shown.”).

Moreover, even in the absence of waiver, Appellants have not persuaded us that the dependent claims are not directed to an abstract idea or contain additional elements, alone or in combination, that would render them patent-eligible. For example, we fail to see how or why, and Appellants do not explain how or why, associating a set of expected revenue rates with the learning period starting at an initial time; assigning a set of transition probabilities to an initial expected revenue rate in the set of expected revenue rates; and determining an initial expected revenue based on at least one of the transition probabilities and at least one of the later expected revenue rates, as called for in claim 27, involve more than collecting, analyzing, and displaying information, i.e., an abstract idea. Notably, like the patent-ineligible claims at issue in *Electric Power Group*, Appellants' claim 27 recites the what of the invention, but none of the how that is necessary to turn the abstract idea into a patent-eligible application. *Elec. Power Grp.*,

830 F.3d at 1353; *see also 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”). Appellants do not present any arguments for the remaining dependent claims, and we do not see anything recited therein that removes the claims from the realm of the abstract.

Appellants argue the claims are analogous to those in *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016). *See* Reply Br. 7. Yet, Appellants do not persuasively explain how, and we do not see how, the claims here parallel the claims in *Bascom*, which recited a “non-conventional and non-generic arrangement of known, conventional pieces” within a network, the arrangement of elements being “a technical improvement over the prior art ways of filtering.” *Bascom*, 827 F.3d at 1350.

Appellants argue that the claims do not preempt all ways of performing the abstract idea. Reply Br. 7. But, characterizing preemption as a driving concern for patent eligibility is not the same as characterizing preemption as the sole test for patent eligibility. “The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability” and “[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). Although “preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.” *Id.*

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In view of the foregoing, we sustain the Examiner's rejection of independent claims 26, 38, and 45, and dependent claims 27–37 and 39–44 under 35 U.S.C. § 101.

DECISION

The Examiner's rejection of claims 26–45 under 35 U.S.C. § 101 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)(1)(iv).

AFFIRMED